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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 1059 87

THE COCA-COLA COMPANY, *Petitioner*,

v.

DIXI-COLA LABORATORIES, INC., ROBERT W. KRUSE, CONSTANTINE GRIVAKIS, WILLIAM H. HENNEN, ROY GOBRECHT, MARTIN FOX, JACK J. STREGER and ALFRED O'NEIL, MARBERT PRODUCTS, INC. and APOLA EXTRACT AND SYRUP CORPORATION, *Respondents*.

PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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PRESS OF BYRON S. ADAMS, WASHINGTON, D. C.

TABLE OF CONTENTS.

	Page
PETITION	1
I Jurisdiction	2
II Summary and short statement of matters involved	3
III The questions presented	15
IV Reasons for the allowance of the Writ	16
Conclusion	19
BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI	21
THE OPINIONS BELOW	21
SUMMARY OF ARGUMENT	22
ARGUMENT	
I The Circuit Court of Appeals did not Follow the Decision of This Court in Coca-Cola Co. v. Koke Co., 254 U. S. 143	26
II The Circuit Court of Appeals Denied to Petitioner the Statutory Remedy for Infringement by Colorable Limitation	28
III The Circuit Court of Appeals did not Follow the Decisions of This Court with Respect to Protection of a Trade-Mark which Through Secondary Meaning has Come to Indicate Origin	31
IV The Circuit Court of Appeals did not Follow the Decisions of This Court with respect to Retention of Trade-Mark Rights	34
V The Section of the Restatement of Torts on which the Circuit Court of Appeals Relied is in Conflict with the General Law Applicable to This Case	36
VI The Decision of the Circuit Court of Appeals is in Conflict with the Proper Interpretation of Rule 52 (a) of the Rules of Civil Procedure	38
VII This Decision is in Conflict with the Decisions of Other Circuit Courts of Appeal	40
CONCLUSION	44
APPENDIX	46
Excerpts from the Trade-Mark Act of February 20, 1905	46
Federal Rule of Civil Procedure 52 (a)	47

TABLE OF CASES CITED

Page

Adamson v. Gilliland, 242 U. S. 350 ..... 24, 39.
Aetna Insurance Company v. Kepler, (C.C.A. 8) 116 Fed. (2d) 1 ..... 24, 39.
American Mail Line, in re, (C.C.A. 9) 115 Fed. (2d) 196.. 24, 39.
American Waltham Watch Co. v. U. S. Watch Co., 173 Mass. 84, 54 N.E. 141 ..... 25, 44.
Apollinaris Company v. Herrfeldt, 4 R. P. C. 478..... 8.
Armstrong Paint & Varnish Works v. Nu-Enamel Corporation, 305 U. S. 315 ..... 2, 11, 12, 16, 17, 23, 33.
Baglin x. Cusenier Co., 221 U. S. 580..... 12, 16, 18, 23, 25, 35, 41.
Baker v. Master Printers Union, 34 Fed. Supp. 808..... 25, 40.
Barton v. Rex-Oil Co. (C.C.A. 3) 29 Fed. (2d) 474.. 18, 25, 42, 43.
Beckey National Bank v. Boone, 115 (C.C.A. 4) Fed. (2d) 513 ..... 24, 39.
Beech-Nut Packing Co. v. P. Lorillard Co., 273 U. S. 629.. 23, 35.
Bengue v. American Pharmaceutical Co., 155 Misc. 602, 280 N.Y.S. 153, affd. 294 N.Y.S. 509 ..... 25, 44.
Capewell Horse Nail Co. v. Green, (C.C.A. 2) Lacombe, J. 188 Fed. 20 ..... 8.
Celluloid Mfg. Co. v. Cellonite Mfg. Co., 32 Fed. 94.....14, 24, 25, 37, 43.
Century Distilling Co. v. Continental Distilling Corporation, 23 Fed. Supp. 705, affd. (C.C.A. 3) 106 Fed. (2d) 486 ..... 22, 29.
Coca-Cola Co. v. American Druggists Syndicate (D.C.N.Y.) 200 Fed. 107 ..... 4.
Coca-Cola Co. v. Bennett, (C.C.A. 8) 238 Fed. 513..... 4.
Coca-Cola Co. v. Brown, (D.C.Penna) 60 Fed. (2d) 319.. 4.
Coca-Cola Co. v. Butler, (D.C.Ark.) 229 Fed. 228 ..... 4.
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Coca-Cola Co. v. Duberstein, (D.C.Ohio) 249 Fed. 763.... 4.
Coca-Cola Co. v. Hy-Po, (D.C.N.Y.) 1 Fed. Supp. 644.... 4.
Coca-Cola Co. v. Koke Co., 254 U. S. 143 ..2, 3, 4, 5, 11, 12, 13, 15, 16, 17, 22, 23, 26, 27, 32.
Coca-Cola Co. v. Old Dominion Beverage Corp., (C. C. A. 4) 271 Fed. 600, Certiorari denied, 256 U. S. 703.... 4.
Coca-Cola Co. v. Stevenson, et al, (D.C.Ill.) 276 Fed. 1010 ..... 4.
Coca-Cola Co. v. Virginia Syrup Co., (D.C.Va.) 3 T. M. Rep. 126 ..... 4.
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Corkran Hill Co. v. A. H. Kuhlemann Co., 111 Atl. 471, 136 Md. 525 .....12, 24, 38.

Page

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Ford v. Foster (1872) L. R. 7 Ch. App. 611 ..... 24, 38.
Gorham Mfg. Co. v. White, 14 Wall. 511 ..... 14.
Hanover Star Milling Co. v. Metcalf, 240 U. S. 403 .....16, 18, 23, 32, 35.
International News Service v. The Associated Press, 248 U. S. 215 ..... 23, 31.
Kelly v. Aderhold, (C.C.A. 10) 112 Fed. (2d) 118 .....18, 25, 39.
Little Tavern Shops v. Davis, (C.C.A. 4) 116 Fed. (2d) 903 ..... 24, 38.
Manning v. Gague, 108 Fed. (2d) 718 ..... 25, 39.
McLean v. Fleming, 96 U. S. 245 ..... 14.
Missouri Company v. George, (C.C.A. 8) 114 Fed. (2d) 757 ..... 24, 39.
Morgan Sons v. Ward, (C.C.A. 7) Baker, J. 152 Fed. 690 8
My-T Fine Corporation v. Samuels, (C.C.A. 2) L. Hand, J. 69 Fed. (2d) 76 ..... 8.
Nashville Syrup Co. v. Coca-Cola (C.C.A. 6) 215 Fed. 527 ..... 4.
Occidental Life Insurance Company v. Thomas, (C.C.A. 9) 107 Fed. (2d) 876 ..... 25, 39.
Old Dearborn Distributing Co. v. Seagram-Distillers Corp., 299 U. S. 183 ..... 23, 35.
Paine & Co. v. Daniell, 10 R.P.C. 217 ..... 8.
Santa Cruz Oil Corp. v. Allbright-Nell Co. (C.C.A. 7) 115 Fed. (2d) 604 .....18, 24, 39.
Saxlehner v. Eisner & Mendelson, 179 U. S. 19 .....16, 18, 19, 22, 23, 24, 30, 34, 38.
Selchow v. Baker, 93 N. Y. 59 ..... 24, 36.
Sherwood Co. v. Sherwood Distilling Co., 9 Atl. (2d) 842, 177 Md. 455 .....12, 24, 38.
Singer Mfg. Co. v. June Mfg. Co., 163 U. S. 169 ..... 23, 35.
Slazenger & Sons v. Feltham & Co., (2) 6 R. P. C. 531.... 8.
Standard Paint Co. v. Rubberoid Roofing Co. (C.C.A. 7) 224 Fed. 695 .....18, 25, 42.
Standard Paint Co. v. Trinidad Asphalt Mfg. Co., 220 U. S. 446 ..... 25, 42.
State Farmers Mut. etc. Co. v. Bonacci, (C.C.A. 8) 111 Fed. (2d) 412 ..... 24, 39.
Storley v. Armour & Co., (C.C.A. 8) 107 Fed. 499 ..... 24, 39.
Stuart, Peter, et al, v. John Thomas, et al, 1 Baltimore City Reports 524 .....12, 24, 37, 38.
Times v. Ultem, (C.C.A. 2) 96 Fed. (2d) 164 ..... 8.
Trappey v. McIlhenny Co., (C.C.A. 5) 281 Fed. 23 .....18, 25, 42.
Webb v. Frisch, (C.C.A. 7) 117 Fed. (2d) 887 .....18, 24, 39.

Page

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Williamson Candy Co. v. Ucanco Candy Co., 3 Fed. (2d) 156 . . . . . 25, 40.
Wittmayer v. U. S. (C.C.A. 9 April 8, 1941) 4 Fed. Rules Service 42, Case 4. ——— Fed. (2nd) ——— . . . . . 18, 24, 39.

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U.S.C. Tit. 28, Sec. 723 C. . . . . 14.

FEDERAL RULES OF CIVIL PROCEDURE

Rule 52 (a) . . . . . 14, 16, 24, 18, 38, 39, 40.

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DIXI-COLA LABORATORIES, INC., ROBERT W. KRUSE, CONSTANTINE GRIVAKIS, WILLIAM H. HENNEN, ROY GOBRECHT, MARTIN FOX, JACK J. STREGER and ALFRED C'NEIL, MARBERT PRODUCTS, INC. and APOLA EXTRACT AND SYRUP CORPORATION, *Respondents*.

PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH CIRCUIT.

To the Honorable, the Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Petitioner, The Coca-Cola Company, plaintiff in the District Court, appellee below, respectfully prays that a Writ of Certiorari issue to the United States Circuit Court of Appeals for the Fourth Circuit to review a judgment of

that court entered on January 11, 1941. The opinion was amended and rehearing denied February 18, 1941 (R. 2197). The judgment, here sought to be reviewed, modified a decree of the United States District Court for the District of Maryland (Coleman, J.) in favor of petitioner (31 Fed. Supp. 835). The amended opinion of the Circuit Court of Appeals is at page 2159 of the record and is reported in 117 Fed. (2d) 352.

I.

JURISDICTION.

(a) Federal jurisdiction of the courts below exists under the Federal Trade-Mark Act of 1905 (U. S. C. Tit. 15, Sec. 81 and following) and also because of diversity of citizenship and amount involved.

(b) The jurisdiction of this court is invoked under Section 240 of the Judicial Code, as amended by Act of Congress of February 13, 1925, 43 Stat. 938; U. S. C. Tit. 28, Sec. 347(a).

(c) The questions here presented involve and include the construction of the remedial sections of the Federal Trade-Mark Act of February 20, 1905 (U. S. C. Tit. 15, Sec. 96), and the right of the owner of a registered trade-mark adjudged valid to be protected against colorable imitations of it.

(d) Cases believed to sustain the jurisdiction of this court to grant a Writ of Certiorari in the present case are *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315, and *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, because this case also presents questions important in Federal trade-mark law.

Petitioner's bottle cap is:

Respondents' bottle caps are:

II.

SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

(1) This is a suit in equity, brought by petitioner to prevent infringement of its trade-mark "Coca-Cola", continuously used since 1886, and to repress unfair competition (R. 1).

The trade-mark has been registered under the Federal Trade-Marks Acts of 1881 and 1905. Whenever necessary, the registrations have been renewed. They are owned by petitioner. The trade-mark "Coca-Cola" was held valid by this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, and infringed by "Koke."

The acts of respondents complained of are their use in interstate and intrastate commerce of the names "Dixi-Cola", "Apola-Cola", "Marbert Cola", "Lola-Kola" and "Cola" (see opposite illustration), on a mixture made in imitation of petitioner's product. These names were alleged to be confusingly similar to petitioner's trade-mark "Coca-Cola" and colorable imitations of it.

Respondents applied these names to the same product, not different ones.

In addition to the use of the marks above illustrated, respondents also adopted colors imitating petitioner's color scheme, refilled containers bearing petitioner's trade-mark, and induced retailers to pass off respondents' imitation as petitioner's product, representing that consumers could not tell the difference, the cheaper price of respondents' imitation making passing off profitable.

Respondents began their business and challenged acts in 1935.

(2) With respect to petitioner's rights, the District Court, after full hearing upon the merits, found (R. 1534) that the validity of the trade-mark "Coca-Cola" "is no longer an

open question"[1]; that the registrations thereof are valid[2]; that petitioner is the exclusive owner of both the trade-mark and registrations; that petitioner has never abandoned its right to be protected in the use of its name, or acquiesced in the use of infringing marks. The Circuit Court of Appeals concurred in these findings. It did not pass upon the validity of petitioner's registrations, saying "it is not necessary for us to decide the point here." (R. 2161).

With respect to petitioner's rights, the Circuit Court of Appeals expressly found:

> "The plaintiff is the owner of the trademark 'Coca-Cola' . . ." (R. 2159) * * * "It is certainly beyond dispute that the word 'Coca-Cola' is the exclusive property of the Coca-Cola Company." (R. 2162) * * *". . .

---

[1] Cases in which the trade-mark "Coca-Cola" has been held valid include:

Coca-Cola Co. v. *Koke Co.*, 254 U. S. 143;
Nashville Syrup Company v. *Coca-Cola* (CCA6) 215 Fed. 527;
Coca-Cola v. *Bennett* (CCA8) 238 Fed. 513;
Coca-Cola v. *Old Dominion Beverage Corp.* (CCA4) 271 Fed. 600, certiorari denied 256 U. S. 703;
Coca-Cola v. *Butler* (D. C. Ark.) 229 Fed. 224;
Coca-Cola v. *Duberstein* (D. C. Ohio), 249 Fed. 763;
Coca-Cola v. *Stevenson, et al* (D. C. Ill.) 276 Fed. 1010;
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Coca-Cola v. *Brown* (D. C. Penna.) 60 Fed. (2d) 319;
Coca-Cola v. *Hy-Po* (D. C. N. Y.) 1 Fed. Supp. 644;
Coca-Cola v. *Deacon Brown Bottling Co.* (D. C. Ala.) 200 Fed. 105.

[2] The trade-mark "Coca-Cola" has been registered on five occasions in the United States Patent Office under the Federal Trade-Mark Acts of 1881 and 1905:

Registration No.	Date
22,406	Jan. 31, 1893
47,189	Oct. 31, 1905
229,380	June 28, 1927
238,145	Jan. 31, 1928
238,146	Jan. 31, 1928

that the name ("Coca-Cola") identifies the goods of the plaintiff . . ." (R. 2168).

> "The evidence in the pending case shows that what was said of the name in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, and *Coca-Cola Co.* v. *Old Dominion Beverage Corp.*, supra, (271 Fed. 600), is equally true today." (R. 2162).

In *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, where "Koke", an approximation of "Coca", was held to suggest "Coca-Cola" by similarity and to infringe, Mr. Justice Holmes, in speaking of "Coca-Cola" as a trade-mark, said:

> "* * * Coca-Cola probably means to most persons the plaintiff's familiar product, to be had everywhere rather than a compound of particular substances."

This court thus held that, as used in petitioner's trade-mark, neither "Coca" nor "Cola" means a particular substance. It necessarily follows that primarily each of the words "Coca" and "Cola" has only a trade-mark significance when used in the name of a beverage[1].

As this court had sustained an injunction enjoining "Koke" as an imitation of the first half of petitioner's trade-mark "Coca-Cola" and an infringement of it as a whole, we submit that the District Court was following this court in enjoining "Cola" the second half, and that likewise "Cola" infringes petitioner's trade-mark "Coca-Cola" as a whole.

With respect to respondents' intent, and the resulting deception of the public, the District Court found: (R. 1548)

> "The use of said names (Dixi-Cola, Apola-Cola, Marbert Cola, Lola Kola and Cola) was calculated and intended to deceive, and did and does actually deceive, members of the public into the belief that defendants'

[1] The decree which this court affirmed provided:

"(2) That the word 'Coca-Cola' is a valid trade-mark.

"(3) That plaintiff is the owner of and alone entitled to use the trade-mark 'Coca-Cola' and that its goods alone can lawfully be sold under that name."

said drink is merchandise emanating from the plaintiff." (Matter in parentheses ours.)

With respect to respondents' acts, the District Court found: (R. 1550)

> "Said acts were committed by defendants with the deliberate intent and purpose of appropriating plaintiff's good will and causing defendants' product to be sold by the trade, and accepted by the consuming public, as and for plaintiff's product, and said acts of defendants were calculated to deceive, and have actually deceived, members of the consuming public into the belief that defendants' said drink was the merchandise of plaintiff."

The District Court found the fact that each of the names used by respondents infringes petitioner's trade-mark, and with respect to them enjoined respondents, (R. 1553),

> "(a) From using as the name for their beverage, extract, concentrate or syrup for making a beverage,
>
> (1) 'Coca-Cola' or any colorable imitation or simulation thereof;
>
> (2) 'Marbert Cola', 'Marbert the distinctive Cola', 'Dixi-Cola,' 'Apola Cola', 'Lola Kola', 'Kola', or 'Cola' or any like word;
>
> (3) Any other name for their said merchandise which includes either the word 'cola' or 'coca' or any colorable imitation of either or both."

The District Court's decree expressly permitted respondents to state on their containers and labels and in their advertisements that their product contains extract of coca leaves or extract of cola nuts, if such is the fact.

Not only did the Circuit Court of Appeals not set aside the trial court's findings of fact that the use of the defendants' names "was calculated and intended to deceive, and did and does actually deceive, members of the public * * *",[1]

[1] Finding of Fact par. 6 (R. 1548)

and that the defendants' acts were "* * * with the deliberate intent and purpose of appropriating plaintiff's good will * * *";[1] it itself expressly found the defendants guilty of fraud and conspiracy in the most explicit terms. It declared that their "Fraudulent conduct * * * has been established"[2]; that the defendants' product was sold "in the fountain trade with the understanding that the drink made therefrom should be sold as and for Coca-Cola";[3] and that the officers of the corporate defendants "had knowledge of these activities and participated therein."[4] It further held that "The evidence also justifies the finding that the bottled beverage made by bottlers from defendant's concentrate was passed off as Coca-Cola in various bars and taverns",[5] and that there was "some evidence that an officer of the corporation encouraged the practice."[6] And still further it held: "Under these circumstances, it is a reasonable conclusion that the defendants have conspired with their customers to palm off their goods for those of the Coca-Cola Company whenever it was safe to do so."[7]

This suggests the question, what effect in determining the probable result of respondents' acts, has respondents' fraudulent purpose to confuse and induce the passing off of their goods for petitioner's? It has been held many times that it must be assumed against a person moved by such a purpose that his acts will have the result he intended them to have and that a rogue cannot be heard to say, "I tried to commit a fraud but failed." Several courts in this country and in England have held that a bad motive raises a conclusive presumption of success and that proof of it is un-

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[1] Finding of Fact par. 13 (R. 1550)

[2] Opinion (R. 2159)

[3] *Id.* (R. 2174)

[4] *Id.* (R. 2174)

[5] *Id.* (R. 2174)

[6] *Id.* (R. 2174)

[7] *Id.* (R. 2174)

necessary.[1] This Circuit Court of Appeals seems to have ignored this principle. But we need not rely on presumptions that respondents succeeded in their purpose to steal petitioner's business.

The concrete results of respondents' conspiracy appear in the record. Four hundred and eighty-two instances of passing off of respondents' product on calls for "Coca-Cola" and the abbreviation of it, "Coke" were proved. These occurred in various parts of the United States, including the District of Columbia, Delaware, Maine, Maryland, Massachusetts, New York, North Carolina, Pennsylvania, Vermont and Virginia.[2] Practically all of the soda fountain dealers in New York City who handled respondents' syrup passed off drinks made from it on calls for "Coca-Cola".[3] This passing off was suggested by the use of the infringing names and was with the connivance of respondents' agents.

The Circuit Court of Appeals also found:

> "Forty-one witnesses from Baltimore, Springfield and Birmingham testified that when they saw goods labelled by a name containing the suffix 'cola', they were led to believe, not that the goods were Coca-Cola, but that they originated with the Coca-Cola Company." (R. 2162)

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[1] *Morgans Sons* v. *Ward*, (C. C. A. 7) Baker, J. 152 Fed. 690, 693;
My-T Fine Corporation v. *Samuels*, (C. C. A. 2) L. Hand, J. 69 Fed. (2d) 76, 77;
Wesson v. *Galef*, (U. S. D. C. S. D. N. Y.) L. Hand, J. 286 Fed. 621, 625;
Capewell Horse Nail Co. v. *Green*, (C. C. A. 2), Lacombe, J. 188 Fed. 20, 24;
Time v. *Ultem*, (C. C. A. 2) 96 Fed. (2d) 164, 165;
Apollinaris Company v. *Herrfeldt*, 4 R. P. C. 478, (487, Lindley, L. J.);
Slazenger & Sons v. *Feltham & Co.* (2) 6 R. P. C. 531 (538, Lindley L. J.);
Paine & Co. v. *Daniell*, 10 R. P. C. 217 (225, Lord Justice Bowen).

[2] Plaintiffs' Exhibit No. 35 (R. 1575).

[3] R. 266; Plaintiffs' Exhibit No. 35.

The court also failed to apply accepted rules dealing with infringement. Infringement results not only from the similarity in appearance and pronunciation of the words involved, but their mental suggestion, and also "the intent of the actor in adopting the designation" as well as "the degree of care likely to be exercised by purchasers" in view of the nature of the goods. In fact, fraudulent intent alone is evidence of likelihood of confusion, for if the newcomer "adopts his designation with the intent of deriving benefit from the reputation of the trade-mark or trade name, his intent may be sufficient to justify the inference that there is confusing similarity." (Restatement of the Law of Torts, Volume 3, Section 729 and Comment.)

Instead, the court turned to Section 735 (1) of the Restatement of Torts, dealing with the loss of trade-marks.

(3) Despite the concurrent findings of the District Court and the Circuit Court of Appeals, establishing petitioner's exclusive right in the trade-mark "Coca-Cola", and recognizing that respondents had fraudulently appropriated one half of it and that passing off and deception of the public had resulted, the Circuit Court of Appeals proceeded to modify or reverse in part the judgment of the District Court. It denied to petitioner any relief whatsoever against respondents' deceptive use of the names "Dixi-Cola," "Marbert Cola," and "Cola" and reversed the decree of the District Court:

> "* * * insofar as it adjudicates an infringement by the use of the names Dixi-Cola, Marbert Cola and Marbert the Distinctive Cola, or prohibits the use of said names or of any name which includes the word 'Cola', or from supplying the product on calls for 'cola' or from committing any acts calculated to cause its product to be known as 'cola'." (R. 2175).

(4) This reversal, and the discussion which led to it, were apparently based upon a misconception by the Circuit Court of Appeals of the remedy which Section 16 of the Trade-Mark Act of 1905 (U. S. C. Tit. 15, Sec. 96) affords to

owners of trade-marks registered under that Act. The court expressly held that "The plaintiff is the owner of the trade-mark 'Coca-Cola' " (R. 2159) and "No one else can lawfully use the word 'Coca-Cola' for a trade-mark even though it originally may have been a descriptive name." (R. 2162). This is in accord with the statute prohibiting unlicensed use of a reproduction, counterfeit or copy of the registered trade-mark. But the statute also prohibits the use of a "colorable imitation" of the registered mark. "Colorable imitation" has been defined by this court[1] as an imitation which "is calculated to mislead the public with respect to the origin or ownership of the goods."

In spite of the proof that respondents' marks are imitations which have actually misled the public, the Circuit Court of Appeals seems either to have ignored the statutory prohibition against such imitation, or to have deemed it to have no application to a mark which it thought "may originally have been a descriptive term." In relation to such a mark the court was apparently willing to accord relief against reproduction but not against imitation. Here the court departed from the rule[2] that "the statutory right cannot be so narrowly limited. Not only exact reproduction, but a 'colorable imitation' is within the statute."

The Circuit Court of Appeals could not so have disregarded the statute if it had not first ignored the registrations of petitioner's trade-mark and the significance of registration in relation to remedy. The court's discussion of possible relief makes no mention of the registrations and does not recognize the rule[3] that "having the right to register its mark, the complainant was entitled to its protection as a valid trade-mark under the statute. * * * It was not the intent of Congress thus to provide for a barren notice of an ineffectual claim, but to confer definite rights."

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[1] *Thaddeus Davids* v. *Davids*, 233 U. S. 461, at 470.

[2] *Id.*, at 469.

[3] *Id.*, at 468.

One of the rights thus conferred is the right of the owner of a registered trade-mark to protection against colorable imitation. The decision of the Circuit Court of Appeals implies that a different measure of protection is to be accorded to marks of different origin although both are registered. It implies that this court was wrong in holding[1] that the provision of Section 16 against colorable imitation applies to all trade-marks that are within the Act. It deprived petitioner of the benefit of that provision. In effect, it writes into the statute a distinction which has never existed in the terms of the Act, in the decision of this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, or in the common law, as stated in *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315, 335, which entitles the owner of a secondary meaning mark to protection against deceptive imitation without reference to the statute. In fact, petitioner was entitled to the relief the District Court decreed, whether its trade-mark should be regarded as a fancy name or a secondary meaning trade-mark, as well as under the general principles of unfair competition.

(5) The Circuit Court of Appeals planted its denial of relief and its reversal, in part, of the decree of the District Court on its assertion that "Cola" had become a descriptive term applied to a class of drinks simulating "Coca-Cola" in name and otherwise. The court based its action in this respect upon Section 735 (1) of the Restatement of Torts which reads thus:

> "735.(1) A designation which is initially a trade-mark or trade name ceases to be such when it comes to be generally understood as a generic or descriptive designation for the type of goods, services or business in connection with which it is used."

Petitioner challenges the applicability of that section to cases in which the trade-mark sued upon is valid and is so

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[1] *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461, at 468.

adjudged.[1] The court even disregarded the limitations imposed upon Section 735 (1) by sub-section 2 which states:

> "To the extent that a designation of the kind described in Sub-Section (1) retains its significance as a trade-mark or trade name, *its use as such is protected* so far as it may be practicable without impeding the use of the designation by others in its generic or descriptive significance." (Italics ours.)

Petitioner likewise challenges the soundness and accuracy of Section 735 (1) and says that, as applied by the Circuit Court of Appeals, it is in conflict with the remedial Sections 16 and 19 of the Trade-Mark Act of February 20, 1905 (U. S. C. Tit. 15, Secs. 96 and 99), and the applicable local decisions.[2]

The most that can be said of the court's conclusion is that it thought "Cola" has two meanings—the first as a part of petitioner's trade-mark "Coca-Cola", and another to describe imitations of "Coca-Cola" in name and substance. But names with double meanings have often been before this court and privileged and unprivileged use of them clearly defined, in such cases as *Thaddeus Davids* v. *Davids*, 233 U. S. 461; *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315, 335; *Baglin* v. *Cusenier* Co., 221 U. S. 580.

The evidence in the case at bar with respect to the asserted generic character of "Cola", does not differ substantially either in character or amount from the like evidence before this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143. This court, nevertheless, after finding that defendant's mixture was made and sold in imitation of plaintiff's and

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[1] Section 729 of the Restatement, not Section 735 (1), pertains to trade-mark infringement.

[2] *Corkran Hill & Co.* v. *A. H. Kuhlemann Co.*, 111 Atl. 471, 136 Md. 525;
Sherwood Co. v. *Sherwood Distilling Co.*, 9 A. (2d) 842, 177 Md. 455;
Peter Stuart, et al., v. *John Thomas, et al.*, 1 Baltimore City Reports 524, 525.

that the word "Koke" was chosen for the purpose of reaping the benefit of the advertising done by the plaintiff and of selling the imitation as and for the plaintiff's goods, adjudged "Koke," which was an approximation of the first half of petitioner's trade-mark, to be an infringement of it. The Circuit Court of Appeals in this case has declined to restrain the deceptive use of the second half of petitioner's valid trade-mark under conditions of fraud and deception paralleling those before this court in the *Koke* case.

(6) The failure of the Circuit Court of Appeals to grant any relief against the infringing names may perhaps be accounted for by an unusual situation which developed in the Circuit Court of Appeals. Over the objection of petitioner, the court permitted to appear as *amici curiae,* Nehi Corporation, Pepsi-Cola Company and Life Savers Corporation, defendants in pending suits involving their alleged infringement of the trade-mark "Coca-Cola" and unfair competition, brought by petitioner in Delaware and New York, respectively. The *amici curiae* said they were:

> "* * * not interested in, or concerned with, the issues here presented with reference to alleged acts of substitution, passing off and unfair competition, by defendants in this case."

Thus they presented a case as if it contained no element of fraud—not this case which is full of it. This naturally had the effect of obscuring the issues and distracting the court's attention from the questions it was called upon to decide; namely, whether the defendants before it, by the intentionally fraudulent acts *they* were found to have committed had infringed petitioner's trade-mark and competed unfairly.

The court below instead of treating the case as a suit in personam against proven fraudulent competitors, considered it as though it were an action in rem to determine the meaning of the word "Cola" as a matter of law, in vacuo and without consideration of the circumstances surround-

ing the respondents' use of names including this substantial part of petitioner's trade-mark, the fraud which prompted their adoption, the correlative acts of fraud which accompanied their use and the deception and passing off which resulted.

(7) The Circuit Court of Appeals either ignored, misconstrued or incorrectly applied Rule 52(a)[1] of the Rules of Civil Procedure.

The trial court found infringement of petitioner's trademark by the marks used by respondents. Infringement is a fact. The District Court also found as a fact that "Dixi-Cola" and "Marbert Cola" misled the public into believing that they were receiving a product of petitioner, which is merely another way of finding the fact of infringment[2]. (Findings Nos. 6 and 13, R. 1548, 1550.) The Circuit Court of Appeals did not expressly approve or disapprove these findings.

If it did not set them aside, the decree enjoining the use of the names found to infringe should have been affirmed.

If the Court of Appeals did set aside findings which had ample and substantial support in the evidence, the question arises whether under Rule 52(a) it had the power so to do. The rule forbids such action on appeal unless the findings were "clearly erroneous."

A conflict exists among the Circuit Courts of Appeals as to the meaning of "clearly erroneous", and hence, as to the

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[1] ". . . Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opinion of the trial court to judge of the credibility of the witness . . ." U. S. C. Tit. 28, Sec. 723c.

[2] The test of infringement is whether the names used by respondents so resembled "Coca-Cola" "that ordinary purchasers buying with ordinary caution are likely to be misled." *McLean* v. *Fleming*, 96 U. S. 245, 251; *Thaddeus Davids* v. *Davids*, 233 U. S. 461, 470; *Gorham Mfg. Co.* v. *White*, 14 Wall. 511. See also *Celluloid Manufacturing Co.* v. *Cellonite Mfg. Co.* (C. C. 1887) 32 Fed. 94, 97, (opinion of Mr. Justice Bradley); and 63 Corpus Juris 373.

extent of the authority of an Appellate Court in passing upon findings of fact.[1]

Thus, upon that assumption the Circuit Court of Appeals has decided a Federal question of immediate, vital and widespread public importance lying at the very foundation of the judicial process in the Federal Courts, as to which the Circuit Courts of Appeals are in conflict, and a question of Federal law that has not been, but should be, settled by this court.

III.

THE QUESTIONS PRESENTED.

(1) Is not a later mark which so resembles an earlier registered trade-mark owned and in use by another as to be likely, when applied to imitation goods, to produce confusion or mistake in the mind of the public, or to deceive purchasers, as recited in Section 5 of the Federal Trade-Mark Act of February 20, 1905, (U. S. C. Tit. 15, Sec. 85) a colorable imitation of such registered trade-mark, and its use forbidden under Section 16 (U. S. C. Tit. 15, Sec. 96) of that Act?

(2) Is not the decision of the Circuit Court of Appeals, denying relief to petitioner for respondents' fraudulent appropriation and deceptive use of the names "Dixi-Cola", "Marbert Cola" and "Cola" of half ("Cola") of petitioner's valid trade-mark, on goods made by respondents in imitation of petitioner's, in conflict with the decision of this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143?

(3) When the use of a mark in fact deceives and misleads purchasers into the belief that one man's goods come from another, is the man whose customers are thus taken away from him, without remedy for the wrong?

(4) Is the intentional appropriation, as a part of the name for imitation goods, of enough of a valid registered

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[1] The cases showing this conflict are in the brief in support of the petition at p. 24.

trade-mark to result in misrepresentation of their commercial origin and passing off, justified because the part so appropriated may also have a descriptive or generic significance? And is not the decision of the Circuit Court of Appeals, so holding, in conflict with *Thaddeus Davids* v. *Davids,* 233 U. S. 461, and *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.,* 305 U. S. 315?

(5) Where petitioner, as the court found, has always fought vigorously to protect its valuable rights from invasion, and the court has also found that petitioner's trade-mark is valid and that it identifies petitioner's goods, and has not been lost, (a) is not that part of the decree of the Circuit Court of Appeals which reverses in part the decree of the District Court in conflict with the decisions of this court in *Saxlehner* v. *Eisner & Mendelson Co.,* 179 U. S. 19, *Hanover Star Milling Co.* v. *Metcalf,* 240 U. S. 403, and *Baglin* v. *Cusenier Co.,* 221 U. S. 580? And (b) is not Section 735 (1) of the Restatement of Torts, dealing with the loss of trade-marks, as applied in this case in conflict with the proper construction of Sections 16 and 19 of the Federal Trade-Mark Act of February 20, 1905 (U. S. C. Tit. 15, Secs. 96 and 99), and (c) in conflict with the decisions of the State in which the case arose?

(6) Under Rule 52(a) of the Rules of Civil Procedure are not the findings of fact of the District Court unassailable and legally controlling upon the Circuit Court of Appeals where those findings are supported by substantial evidence?

IV.

REASONS FOR THE ALLOWANCE OF THE WRIT.

The decision of the Circuit Court of Appeals raises questions of public importance in the following respects:

(1) The decision of the Circuit Court of Appeals for the Fourth Judicial Circuit is probably in conflict with the decision of this court in *Coca-Cola Co.* v. *Koke Co.,* 254 U. S. 143, adjudicating the validity of petitioner's trade-mark

and giving it a right of protection against a designedly fraudulent approximation of it either in whole or such part as may result in deception and passing off.

It is of prime concern not only in the orderly administration of justice, but in the protection of the public at large that the decisions of this court be recognized as binding upon the lower courts, unless it is made to appear that the conditions upon which the decisions of this court rested have been changed. In the case at bar, no such controlling reason appears in that the Circuit Court of Appeals itself said that what was said of the name in *Coca-Cola Co.* v. *Koke Co.* "is equally true today."

(2) The Circuit Court of Appeals denied to petitioner the remedies afforded the owner of a registered trade-mark for infringement by colorable imitation under Section 16 of the Federal Trade-Mark Act (U. S. C. Tit. 15, Sec. 96) by denying to petitioner relief against the use of words and names which are calculated to, and which in fact do, mislead the public with respect to the origin or ownership of respondents' goods and hence colorably imitate the registered trade-mark.

It is of vital importance to the American public that the relief granted under Section 16 of the Federal Trade-Mark Act of February 20, 1905, intended to be protective of honest business, be not so limited as to result in sanctioning and legalizing fraudulent and deceptive imitations of registered trade-marks, to the injury of both the public and the owners of the mark.

(3) The decision of the Circuit Court of Appeals is probably in conflict with the decisions of this Court in *Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461, and *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation,* 305 U. S. 315.

Those cases recognized the right of the owner of a name which through secondary meaning has come to indicate the origin of his goods, to be free from competitive use of the name as the trade-mark or trade name of another. That right the court below denied.

(4) The decision of the Circuit Court of Appeals is probably in conflict with the decisions of this court in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, and *Baglin* v. *Cusenier Co.*, 221 U. S. 580, which confirm the basic principle that, when valid trade-mark rights have once been established, the owner cannot be dispossessed of them by the unauthorized or fraudulent acts of others, or by any means except his consent.

(5) The Circuit Court of Appeals followed and decided important issues on the authority of the Restatement of Torts, and not in accord with the Federal Trade-Mark Act or the decisions of the State where the action arose, and on the authority of a Section of that Restatement which is both inconsistent with the general law of trade-marks and inapplicable to the facts before the court.

(6) The Circuit Court of Appeals ignored, misapplied or misconstrued Section 52 (a) of the Rules of Civil Procedure and decided a question of federal law in conflict with the Circuit Courts of Appeals of the Seventh, Ninth and Tenth Circuits and which has not been decided by this court. *Santa Cruz Oil Corp.*, v. *Allbright-Nell Co.*, (C. C. A. 7), 115 Fed. (2d) 604; *Webb* v. *Frisch* (C. C. A. 7), 111 Fed. (2d) 887; *Continental Oil Co.* v. *Jones*, (C. C. A. 10), 113 Fed. (2d) 557; *Kelly* v. *Aderhold* (C. C. A. 10), 112 Fed. (2d) 118; *Wittmayer* v. *United States*, (C. C. A. 9, Apr. 8, 1941) 4 Fed. Rules Ser. 42, Case 4, — Fed. (2) —.

(7) The decision of the Circuit Court of Appeals is in conflict with the decisions of other Circuit Courts of Appeals. It is specifically in conflict with the following cases: *Standard Paint Co.* v. *Rubberoid Roofing Co.*, (C. C. A. 7) 224 Fed. 695; *Trappey* v. *McIlhenny Co.*, (C. C. A. 5) 281 Fed. 23; *Barton* v. *Rex-Oil Co.*, (C. C. A. 3) 29 Fed. (2d) 474.

The conflict arises thus: After holding (1) that plaintiff's trade-mark is a valid trade-mark, but (2) that half of

the mark, "Cola," was or had become descriptive or generic, the Circuit Court of Appeals in this case then dealt with the question whether in such a situation a competitor coming later into this field could appropriate for trade-mark use this substantial part of petitioner's trade-mark.

A later competitor may no doubt use the word in a descriptive or generic sense, but can he go further and use it as his trade-mark or a substantial part thereof when such use misrepresents or (to use the language used in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 33) "contributes to a deception" with respect to the origin of his goods?

In the case at bar the Circuit Court of Appeals has answered this question "yes." The cases cited above have definitely answered the same question "no."

The conflict is clear and direct. The question of law is obviously of great importance, both from the standpoint of general commercial law and from the standpoint of rights under Federal trade-mark statutes.

CONCLUSION.

If the inferior Federal Courts may deny to trade-marks adjudged valid by this Court the protection afforded to them by the remedial sections of the Federal Trade-Mark Act and by the decisions of this Court, and may supplant those Sections of that Statute and the decisions of this Court by the inconsistent statement in Section 735 (1) of the Restatement of Torts—all contrary to the findings of fact of the District Court not set aside by the Circuit Court of Appeals—public confidence in the integrity of trade-marks and the controlling effect of the remedial sections of the Federal Trade-Mark Act and the decisions of this Court must inevitably vanish.

It is believed that the importance of review by this Court of the decision of the Circuit Court of Appeals cannot be overestimated, inasmuch as the courts, the bar and the owners of trade-marks will be in a state of confusion as to the law of trade-mark infringement and unfair competition,

and the public will be in the state of being constantly deceived by colorable imitations of well-established marks, unless and until the law with respect to trade-marks and unfair competition is again restored to a settled state by this Court.

WHEREFORE, YOUR PETITIONER PRAYS That a Writ of Certiorari be issued out of and under the seal of this Court, directed to the United States Circuit Court of Appeals for the Fourth Circuit, commanding the said Court to certify and send to this Court, on a day to be designated, a full transcript of the record and all proceedings of said Circuit Court of Appeals in the case numbered and entitled on its docket Number 4672, *Dixi-Cola Laboratories, Inc.; Robert W. Kruse, Constantine Grivakis, William H. Hennen, Roy Gobrecht, Martin Fox, Jack J. Streger and Alfred O'Neil, Marbert Products, Inc. and Apola Extract and Syrup Corporation, Defendants-Appellants,* v. *The Coca-Cola Company, Plaintiff-Appellee,* to the end that this case may be reviewed and determined by this Court; that the judgment of the said Circuit Court of Appeals for the Fourth Circuit be reversed insofar as it modified the judgment of the District Court; and that petitioner be granted such other and further relief as to this Honorable Court may seem meet and proper.

And your petitioner will ever pray.

HARRY D. NIMS,
EDWARD S. ROGERS,
HILARY W. GANS,
ROBERT B. TROUTMAN,
Counsel for Petitioner.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

THE OPINIONS BELOW.

The opinion of the District Court of the United States for the District of Maryland (Coleman, U. S. D. J.) was filed on February 21, 1940. It is printed in the Record at page 1532 and is officially reported in 31 Fed. Supp. 735.

The United States Circuit Court of Appeals for the Fourth Circuit entered judgment on appeal on January 11, 1941. It amended its opinion and denied a rehearing on February 18, 1941. (R. 2197) The amended opinion is printed in the Record at page 2159 and is officially reported in 117 Fed. (2d) 352.

JURISDICTION.

The petition sets forth at page 2 a concise statement of the grounds on which the jurisdiction of this Court is invoked.

STATEMENT OF THE CASE.

The petition sets forth at page 3 and following a concise statement of the case containing all that is material to the consideration of the questions presented, with appropriate page references to the printed Record.

SPECIFICATION OF ERRORS.

The court is referred to Section III of the petition, beginning at page 15 and setting forth the questions presented, and to Section IV of the petition, beginning at page 16 and setting forth the reasons for the allowance of the writ. Thus have been indicated the errors which, petitioner believes, run through the decision of the Circuit Court of Appeals. Those errors will now be discussed in the order in which the reasons for allowance are set forth in the petition.

SUMMARY OF ARGUMENT.

I. The Circuit Court of Appeals did not follow the decision of this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143.

The basis shown for relief here is the same basis on which relief was granted in the *Koke* case, and the court conceded that what was said of "Coca-Cola" in that case is equally true today. Its departure from the precedent thus established was founded only on its attempt to draw a legally impossible distinction between trade-marks which are and trade-marks which are not entitled to protection from fraud resulting in deception.

II. The Circuit Court of Appeals denied to petitioner the statutory remedy for infringement by colorable imitation.

Respondents' marks have produced confusion and have deceived purchasers. They accomplish the wrong prohibited by the statute. They are therefore colorable imitations of petitioner's registered trade-mark, and they should be dealt with accordingly.

> Trade-Mark Act of 1905, Sections 16, 5, 19 (U. S. C. Tit. 15, Sections 96, 85, 99);
> *Century Distilling Co.* v. *Continental Distilling Corporation*, 23 Fed. Supp. 705, affd. (C. C. A. 3) 106 Fed. (2d) 486;
> *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461;
> *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19.

III. The Circuit Court of Appeals did not follow the decisions of this court with respect to protection of a trade-mark which through secondary meaning has come to indicate origin.

The primary question in a case of this kind is whether there has been misrepresentation as to the origin of goods. The ground for relief is the existence of the fraud, not the existence of a completely exclusive right in the instrument by which the fraud is accomplished. Protection against fraud is therefore to be granted to the owner of a trade-

mark of secondary meaning or double significance as freely as to the owner of any other trade-mark.

International News Service v. *Associated Press*, 248 U. S. 215;
Hanover Star Milling Co. v. *Metcalf*, 240 U. S. 403;
Coca-Cola Co. v. *Koke Co.*, 254 U. S. 143;
Thaddeus Davids Co. v. *Davids*, 233 U. S. 461;
Armstrong Paint & Varnish Works v. *Nu-Enamel Corp.*, 305 U. S. 315.

IV. The Circuit Court of Appeals did not follow the decisions of this court with respect to retention of trade-mark rights. Its conclusion that the rights once owned by petitioner have been destroyed through appropriation by others over petitioner's protest is in direct conflict with the doctrine enunciated by this court that the owner of valid rights cannot be dispossessed of them by the unauthorized or fraudulent acts of others, or by any means except his own intent to abandon them.

Saxlehner v. *Eisner & Mendelson Co.*, 179 U. S. 19;
Hanover Star Milling Co. v. *Metcalf*, 240 U. S. 403;
Baglin v. *Cusenier Co.*, 221 U. S. 580;
Beech-Nut Packing Co. v. *P. Lorillard Co.*, 273 U. S. 629;
Old Dearborn Distributing Co. v. *Seagram-Distillers Corporation*, 299 U. S. 183;
Singer Manufacturing Co. v. *June Manufacturing Co.*, 163 U. S. 169.

V. The section of the Restatement of Torts on which the Circuit Court of Appeals relied is in conflict with the general law applicable to this case. It suggests that a trade-mark may be destroyed by piracy, against the owner's protest. Such a suggestion is irrelevant to this case, where the validity of petitioner's trade-mark is unquestioned. It is not authoritative in any case, for it is at variance with the established rule as to retention of trade-mark rights.

Restatement of Torts, Section 735 (1);
63 C. J. p. 530;

Sebastian on Trademarks, 5th Ed., p. 120;
30 Columbia Law Review, p. 186;
Schechter, "The Historical Foundation of Trade-Mark Law," p. 166;
Derenberg, "Trade-Mark Protection and Unfair Trading," p. 616;
Selchow v. *Baker*, 93 N. Y. 59;
Celluloid Mfg. Co. v. *Cellonite Mfg. Co.*, 32 Fed. 94;
Peter Stuart et al. v. *John Thomas et al.*, 1 Baltimore City Rep. 524;
Ford v. *Foster*, (1872) L. R. 7 Ch. App. 611;
Corkran Hill & Co. v. *A. H. Kuhlemann Co.*, 111 Atl. 471, 136 Md. 525;
Sherwood Co. v. *Sherwood Distilling Co.*, 9 Atl. (2d) 842, 177 Md. 455;
Little Tavern Shops v. *Davis*, (C. C. A. 4) 116 Fed. (2d) 903;
Saxlehner v. *Eisner & Mendelson Co.*, 179 U. S. 19.

VI. The decision of the Circuit Court of Appeals is in conflict with the proper interpretation of Rule 52(a) of the Rules of Civil Procedure.

There is great uncertainty among the several Circuit Courts of Appeals as to the weight which is to be given under this rule to the findings of the trial courts.

Beckey National Bank v. *Boone*, (C. C. A. 4) 115 Fed. (2d) 513;
Storley v. *Armour & Co.*, (C. C. A. 8) 107 Fed. (2d) 499;
Missouri Company v. *George*, (C. C. A. 8), 114 Fed. (2d) 757;
Aetna Insurance Company v. *Kepler*, (C. C. A. 8) 116 Fed. (2d) 1;
State Farmers Mut. etc. Co. v. *Bonacci*, (C. C. A. 8) 111 Fed. (2d) 412;
Adamson v. *Gilliland*, 242 U. S. 350;
Santa Cruz Oil Corporation v. *Allbright-Nell Co.*, (C. C. A. 7) 115 Fed. (2d) 604;
Webb v. *Frisch*, (C. C. A. 7) 111 Fed. (2d) 887;
In re American Mail Line, (C. C. A. 9) 115 Fed. (2d) 196;
Wittmayer v. *United States*, (C. C. A. 9, Apr. 8, 1941) 4 Fed. Rules Ser. 42, Case 4, — Fed. (2) —.

Continental Oil Company v. *Jones,* (C. C. A. 10) 113 Fed. (2d) 557;
Kelly v. *Aderhold,* (C. C. A. 10) 112 Fed. (2d) 118;
Manning v. *Gagne,* (C. C. A. 1) 108 Fed. (2d) 718;
Occidental Life Insurance Company v. *Thomas,* (C. C. A. 9) 107 Fed. (2d) 876.

It is therefore important as a general matter of law that an authoritative interpretation of the rule be made. It is particularly important that such an interpretation be made in this case, because the decision of the Circuit Court of Appeals has nullified the trial court's finding of the fact of confusing similarity, and this, we believe, was beyond the proper limit of its power.

Restatement of Torts, Vol. 3, Sec. 729;
Baker v. *Master Printers Union of New Jersey,* 34 Fed. Supp. 808;
Williamson Candy Co. v. *Ucanco Candy Co.,* 3 Fed. (2d) 156.

VII. This decision is in conflict with the decisions of other Circuit Courts of Appeals. It recognizes the validity of petitioner's trade-mark, yet sanctions the deceptive use of one half of it in the names of another product. This is inconsistent with the denials in other Circuits of a denominative use which results in deception.

Baglin v. *Cusenier Co.,* 221 U. S. 580;
Standard Paint Co. v. *Rubberoid Roofing Co.,* (C. C. A. 7) 224 Fed. 695;
Standard Paint Co. v. *Trinidad Asphalt Mfg. Co.,* 220 U. S. 446;
Trappey v. *McIlhenny Co.,* (C. C. A. 5) 281 Fed. 23;
Barton v. *Rex-Oil Co.* (C. C. A. 3) 29 Fed. (2d) 474.

It is also in conflict with other strong decisions restraining an unfair denominative use.

Celluloid Mfg. Co. v. *Cellonite Mfg. Co.,* 32 Fed. 94;
American Waltham Watch Co. v. *United States Watch Co.,* 173 Mass. 84, 54 N. E. 141;
Bengue v. *American Pharmaceutical Co.,* 155 Misc. 602, 280 N. Y. S. 153, affd. 294 N. Y. S. 509.

ARGUMENT.

I.

The Circuit Court of Appeals did not Follow the Decision of This Court in Coca-Cola Co. v. Koke Co., 254 U. S. 143.

In its decision in the *Koke* case, this court recognized the validity of petitioner's trade-mark and the secondary meaning which gives it a right to protection against a designedly fraudulent approximation of it, either in whole or in such part as may result in deception and passing off.

The facts on which petitioner here seeks relief were all recognized in the decision of the Circuit Court of Appeals: the validity of petitioner's trade-mark,[1] the fraudulent conduct of the respondents,[2] the imitation of petitioner's product,[3] the proof of deception as to origin[4] and the palming off[5] of respondents' product as and for petitioner's. Similar facts were the basis of the relief granted in the *Koke* case, and the means by which the injury was accomplished was of the same nature—the approximation of one part of petitioner's trade-mark.

In view of such a parallel of facts, the *Koke* case ought to be a controlling precedent here. The status of petitioner's trade-mark has not changed since that decision. The Circuit Court of Appeals here expressly held (R. 2162) that

> "The evidence in the pending case shows that what was said of the name in Coca-Cola Co. v. Koke Co., 254 U. S. 143, 41 S. Ct. 113, 65 L. Ed. 189, and Coca-Cola Co. v. Old Dominion Beverage Corp., supra, is equally true today."

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[1] R. 2162.

[2] R. 2159.

[3] R. 2175.

[4] R. 2162.

[5] R. 2174.

The following is "what was said of the name" in the *Koke* case (254 U. S. 143, 146):

> "It means a single thing coming from a single source, and well known to the community. * * * In other words, Coca-Cola probably means to most persons the plaintiff's familiar product, to be had everywhere, rather than a compound of particular substances. * * * We see no reason to doubt that, as we have said, it has acquired a secondary meaning in which, perhaps, the product is more emphasized than the producer, but to which the producer is entitled."

This being so—and the Circuit Court of Appeals having affirmed that it is so—there was no occasion for that court to consider "whether or not the word 'cola' has a descriptive significance apart from its use in the trade-mark Coca-Cola." It is clear from the language of the *Koke* decision that neither "Coca" nor "Cola" should be considered the name of a substance, or anything more than one-half of petitioner's valid trade-mark. The Circuit Court of Appeals' discussion of other significance was inconsistent with its own findings, and wholly at variance with the earlier holding of this court.

The Court below, while giving lip service to this Court's decree in the *Koke* case which adjudged "Coca-Cola" to be a valid trade-mark[1], attempted to make a distinction between trade-marks which are wholly arbitrary and those which might originally have had some descriptive significance but have achieved a secondary meaning. No such distinction is legally possible. The only distinction between the two is procedural, not substantive. A mark which is wholly meaningless is presumed to distinguish the origin of the goods to which it is applied, hence presumptively, use by a competitor on like goods will mislead purchasers into the

[1] "(2) That the word 'Coca-Cola' is a valid trade-mark.
"(3) That plaintiff is the owner of and alone entitled to use the trade-mark 'Coca-Cola' and that its goods alone can lawfully be sold under that name."

belief that his goods come from the plaintiff. Therefore, it follows that the first user of the mark is presumed to be injured by the defendants' appropriation or colorable imitation of it. One presumption is built on another. In the case of a mark which may originally have had some descriptive meaning, but which it is proved identifies the origin of the goods to which it is applied, and it is also proved that the use by a competitor on like goods in fact misleads purchasers into the belief that his goods come from the plaintiff, the relief to be given must be the same. The second case is not built on presumption but upon proved facts. We had always supposed that a proved fact is at least as good as a presumption. The Circuit Court of Appeals seems not to have thought so, and this, we suggest, is the error into which it fell.

The basis of relief in every case is the misrepresentation that one man's goods come from another. If it is made, and it is made in this case, as both the Courts below found, what the means may be called by which it is made cannot be important. It seems illogical to hold, as the Circuit Court of Appeals did, that fraud committed in one way is actionable while the same fraud, if committed in the same way, is not, if only another name is given to it.

II.

The Circuit Court of Appeals Denied to Petitioner the Statutory Remedy for Infringement by Colorable Imitation.

Section 16 of the Trade-Mark Act of 1905 (U. S. C. Tit. 15, Sec. 96) provides for the owner of a registered trade-mark, a remedy against "any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy or colorably imitate" that trade-mark and use the "reproduction, counterfeit, copy, or colorable imitation in commerce. * * *" Thus when, as here, something other than the whole of the registered mark has been so appropriated by another, the remedy runs to the "colorable imitation."

The Trade-Mark Act itself does not purport directly to define "colorable imitation." In *Century Distilling Co.* v. *Continental Distilling Corporation*, 23 Fed. Supp. 705 (D. C. E. D. Pa., affd. C. C. A. 3, 106 Fed. (2d) 486), Judge Maris defined the words "colorable imitation" as used in the statute as follows (707):

> "This raises the question whether the plaintiff's marks do infringe those of the defendant. Under Section 16 of the Trade Mark Act, 15 U. S. C. A. Sec. 96, they must be held to infringe if they colorably imitate the trade-marks of the defendant. I think, however, that colorable imitation under Section 16 of the act is substantially the same as confusing similarity under Section 5, especially since it is not necessary under Section 16 to show that one who has colorably imitated a trade-mark has done so with intent to deceive. Saxlehner v. Siegel-Cooper Co., 179 U. S. 42, 43, 21 S. Ct. 16, 45 L. Ed. 77."

The provision of Section 5 to which Judge Maris thus referred (U. S. C. Tit. 15, Sec. 85) denies registration to trade-marks:

> "which so nearly resemble a registered or known trade-mark owned and in use by another and appropriated to merchandise of the same descriptive properties as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers."

The use of this provision as a test of "colorable imitation" is in harmony with the decision of this court in *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461, 470, which in different language prescribed the same test by saying that

> "the reproduction, copy, or imitation which constitutes infringement must be such as is calculated to mislead the public with respect to the origin or ownership of the goods."

It appears, then, that marks which *have* produced confusion or mistake in the mind of the public, and *have* de-

ceived purchasers, *are* colorable imitations within the provisions of the statute. The Circuit Court of Appeals, in holding otherwise, disregarded the plain terms of the Act and the necessary corollary of this court's decision in the *Davids* case.

There is ample evidence that, in taking the word "Cola" for use as part of the several names for the same product, respondents have taken enough of petitioner's trade-mark "Coca-Cola" to deceive the public. Petitioner proved four hundred and eighty-two instances of the passing off of respondents' product on calls for "Coca-Cola,"[1] and, as the Circuit Court of Appeals observed,[2] there was evidence indicating that this passing off occurred with the encouragement and connivance of respondents. In addition, forty-one witnesses from various parts of the country testified that the marking of respondents' product with names ending in "Cola" caused them to believe that product was a product of petitioner.[3]

In spite of this proof, the Circuit Court of Appeals failed to find infringement in the use of half of petitioner's trade-mark as half of respondents' marks, and refused petitioner the relief contemplated by Sections 16 and 19 of the Trade-Mark Act (U. S. C. Tit. 15, Secs. 96 and 99). It held in effect that there could be no infringement, and hence no remedy, where less than the whole of the petitioner's trade-mark had been appropriated. This was in express disregard of the forty-one witnesses, who were misled by respondents' names, and in direct contravention of the rule laid down by this court in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 33:

> "It is not necessary to constitute an infringement that every word of a trade-mark should be appropriated. It is sufficient that enough be taken to deceive the public in the purchase of a protected article."

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[1] Plaintiffs' Exhibit No. 35, R. 1575,

[2] R. 2174.

[3] 2162.

This case is within that rule. The refusal to the petitioner of the remedies provided by the Trade-Mark Act is in conflict with the terms of the Act and with the quoted decision of this court.

III.

The Circuit Court of Appeals did not Follow the Decisions of This Court with Respect to Protection of a Trade-Mark which Through Secondary Meaning has Come to Indicate Origin.

The opinion of the Circuit Court of Appeals starts with an error of fact. It says that petitioner concedes that the names "Dixi-Cola" and "Marbert Cola" are not so similar to the name "Coca-Cola" that a purchaser of the beverage known as Dixi-Cola or Marbert Cola would be led to believe that he was buying the beverage "Coca-Cola." There was no such concession, but the error which the court committed in refusing relief against the names respondents applied to their goods was based upon a misapprehension of the argument made on behalf of the petitioner. This argument was founded on what Mr. Justice Holmes said in *International News Service* v. *The Associated Press,* 248 U. S. 215, 246:

> "If a given person is to be prohibited from making the use of words that his neighbors are free to make some other ground must be found. One such ground is vaguely expressed in the phrase unfair trade. This means that the words are repeated by a competitor in business in such a way as to convey a misrepresentation that materially injures the person who first used them, by appropriating credit of some kind which the first user has earned. The ordinary case is a represention by device, appearance, or other indirection that the defendant's goods come from the plaintiff. But the only reason why it is actionable to make such a representation is that it tends to give the defendant an advantage in his competition with the plaintiff and that it is thought undesirable that an advantage should be gained in that way."

The use by the respondents of the names complained of in fact falsely represents, by indirection, that the goods under

these names come from petitioner, and thus diverts customers from petitioner to respondents. This gives to the respondents an advantage in their competition with petitioner. We had always thought, to use Mr. Justice Holmes' phrase, that it is "undesirable that an advantage should be gained in that way," and that such conduct is actionable. The court below, however, held it is not.

The court seemed to entertain the idea that unless purchasers of, for example, "Dixi-Cola", thought that the substance "Dixi-Cola" was the substance "Coca-Cola", there was no actionable wrong. Perhaps a misrepresentation as to the nature of the goods might not be privately actionable. What is privately actionable is the false representation that the goods of one producer come from another. It is the misrepresentation of origin, not of kind, that is injurious, and it is that misrepresentation which, as the District Court found, the respondents made. The District Court enjoined the use of the means by which the misrepresentation was made, in accord with the general principle that "the essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another," and that the manufacturer "whose trade is pirated by an infringing use" is entitled to protection and redress. (*Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 413, 416.)

The Circuit Court of Appeals fell into the error of failing to perceive that misrepresentation of origin is the basis of relief in all trade-mark infringement and unfair competition cases, and has applied a supposed rule of law at complete variance not only with rudimentary requirements of good faith but with, until now, universally accepted principles. It has permitted the denominative use of the word "Cola" to continue after proof of resultant deception. It is now a well established principle that the owner of a trade-mark, valid through secondary meaning, "whatever may have been its original weakness"[1] is entitled to protection against use of his mark or any part of it in the mark of a

[1] *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, 145.

competitor. The question was settled by this court in *Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461, where the present Chief Justice defined as infringement "of marks consisting of names or terms having a double significance," any use which

> "is calculated to mislead the public with respect to the origin or ownership of the goods, and thus to invade the right of the registrant to the use of the name or term as a designation of his merchandise."

The court affirmed the decree of the trial court restraining the use of the registered trade-mark "Davids" as part of the name of defendants' wares.

Recently this court was called upon to determine the scope of protection to be accorded to the owner of an admittedly descriptive term which had acquired a secondary meaning (*Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U. S. 315). In restraining the use of the term "Nu-Enamel" as the name of the competitive article, Mr. Justice Reed said:

> "Here we have a secondary meaning to the descriptive term 'Nu-Enamel.' This establishes entirely apart from any trade-mark act the common law right of the Nu-Enamel Corporation to be free from the competitive use of these words as a trade-mark or trade name. As was pointed out in the *Davids* case, in considering the ten-year clause of the 1905 Act, this right of freedom does not confer a monopoly on the use of the words. It is a mere protection against their unfair use as a trade-mark or trade name by a competitor seeking to palm off his goods as those of the original user of the trade name. This right of protection from such use belongs to the user of the mark which has acquired a secondary meaning. He is, in this sense, the owner of the mark."

Such is the protection to which this petitioner is entitled regardless of any other significance of the word "Cola." The decision denying such protection is in conflict with the cited rulings of this court.

IV.

The Circuit Court of Appeals did not Follow the Decisions of This Court with respect to Retention of Trade-Mark Rights.

The Circuit Court of Appeals affirmed the petitioner's exclusive right in its trade-mark[1] and warned that "it must not be supposed that the Coca-Cola Company has not fought vigorously to protect its valuable right from invasion."[2] yet based its partial reversal of the District Court's decree on a conclusion that the word "Cola," though adopted and always claimed for that purpose, no longer indicates petitioner's product, but merely a class of competitive drinks.[3]

Such a conclusion, in the face of such facts, is legally inconsistent and directly conflicting with the decisions of this court with respect to the loss of established trade-mark rights. The doctrine enunciated by this court has always been that, when valid trade-mark rights have once been established, the owner cannot be dispossessed of them by the unauthorized or fraudulent acts of others, or by any means except his own intent to abandon them. In *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 33, this court held:

> "The evidence shows that these Hungarian bitter waters were largely known in this country as Hunyadi waters, and that in a certain sense Hunyadi had become a generic word for them. Of course, if it became such with the assent and acquiescence of Saxlehner, he could not thereafter assert his right to its exclusive use. *But as this appropriation was made against his constant protest, and as he apparently made every effort in his power to put a stop to the use of it, it ought not to be charged up against his claim that the word had become generic.*" (Italics ours)

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[1] R. 2162.

[2] R. 2171.

[3] R. 2172.

This holding was based upon the court's discussion of the principle that "to establish the defense of abandonment it is necessary to show not only acts indicating a practical abandonment, but an actual intent to abandon." The decision was cited, and the principle restated, by this court in *Hanover Star Milling Co.* v. *Metcalf,* 240 U. S. 403, 419. It was also cited (and quoted) by this court in *Baglin* v. *Cusenier Co.,* 221 U. S. 580, 598, with an express restatement that (597):

> "There must be found an *intent* to abandon, or the property is not lost."

A trade-mark "is property, protected and alienable, although as with other property its outline is shown only by the law of torts, of which the right is a prophetic summary." (Mr. Justice Holmes in *Beech-Nut Packing Co.* v. *P. Lorillard Co.,* 273 U. S. 629, 632.) A trade-mark is a symbol of good will, "and good will is property in a very real sense" (*Old Dearborn Distributing Co.* v. *Seagram-Distillers Corporation,* 299 U. S. 183, 194).

The holding of the court below, that this property may be appropriated by one who had no part in creating it and against the will of the one who did create it, is a deprivation of property, and contravenes the rule of law long accepted by this court as set forth by Mr. Justice White in *Singer Manufacturing Co.* v. *June Manufacturing Co.,* 163 U. S. 169, 186:

> "* * * It is elementary that there is a right of property in a name which the courts will protect. But this right, like the right to an arbitrary mark or any other, may become public property by dedication or abandonment. The latter is defined by De Maragy in his International Dictionary of Industrial Property, as follows:
>
> 'Abandonment in industrial property is an act by which the public domain originally enters or re-enters into the possession of the thing (commercial name, mark or sign), by the will of the legitimate owner. The essential condition to constitute abandonment is

that the one having a right should consent to the dispossession. Outside of this there can be no dedication of the right, because there cannot be abandonment in the juridical sense of the word.' "

V.

The Section of the Restatement of Torts on which the Circuit Court of Appeals Relied is in Conflict with the General Law Applicable to This Case.

The Circuit Court of Appeals justified its denial of relief by Section 735 (1)[1] of the Restatement of Torts. That section, however, deals with the loss of a trade-mark. It can have no application to a case such as that at bar where the court has specifically held that the trade-mark is valid.

The comment of the Restatement under this section says that a trade-mark may be lost even though "the person first adopting the designation made every reasonable effort to avoid" its being used by others in this manner. Even if this be sound doctrine, it has no application to this case, where the Circuit Court of Appeals has upheld the validity of and the exclusive right in petitioner's trade-mark.

But the view that one loses trade-mark rights if a large number of others pirate his mark even though the owner shows the utmost diligence in protecting his rights, puts a premium on successful theft. It has not been accepted by writers on this subject, 63 C. J. p. 530; Sebastian on Trade-Marks, 5th Ed. p. 120; article by Milton Handler and Charles Pickett in 30 Columbia Law Review at p. 186; Schechter, "The Historical Foundation of Trade-Mark Law," p. 166; Derenberg, "Trade-Mark Protection and Unfair Trading," p. 616.

The section of the Restatement relied upon by the court is in conflict too with such cases as *Selchow* v. *Baker,* 93 N. Y. 59, where the New York Court of Appeals said (66):

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[1] "735. (1) A designation which is initially a trade-mark or trade name ceases to be such when it comes to be generally understood as a generic or descriptive designation for the type of goods, services or business in connection with which it is used."

"It cannot be true as a general proposition, as contended on the part of the defendants, that when a manufacturer has given to his products a new name invented by himself for the purpose of distinguishing them as his, and the article becomes generally known to the trade and to the public by that name, the name becomes public property and every one has a right to use it. That proposition can be sustained only in respect to names which are descriptive of the article and incapable of being appropriated as trademarks. The value of a trademark consists in its becoming known to the trade as the mark of the manufacturer who has invented or adopted it, and in being known to the public as the name of an article which has met with popular favor. It cannot be that the very circumstances which give it value, operate at the same time to destroy it."

And *Celluloid Mfg. Co.* v. *Cellonite Mfg. Co.*, 32 Fed. 94, where Mr. Justice Bradley said (98):

"* * * When the word was coined and adopted, it was clearly a good trade-mark. The question is whether the subsequent use of it by the public, as a common appellative of the substance manufactured, can take away the complainant's right. It seems to me that it cannot."

It is also at variance with the rule in effect in Maryland, where this action was tried. In *Peter Stuart et al.* v. *John Thomas et al.*, 1 Baltimore City Reports 524, Judge Dennis, after upholding the validity of the plaintiff's trade-mark "Granolithic" in spite of some suggestive significance, said (525):

"It was also contended for the defense that the word, subsequently to its adoption by the plaintiff as a trademark, has come into such general use by the public to denote all kinds of pavements made of broken stone, sand and cement; as to make it public property; but this is not the law. It is well settled that the inventor of an arbitrary or fanciful name, having chosen it as a trade-mark and applied it to articles of his manufacture, is entitled to protection for it, notwithstanding the subsequent use by the public of the word as descriptive of

the article. Celluloid Manf. Co. v. Read, 47 Fed. Rep. 712, 32 Fed. Rep. 94, 93 N. Y. 95."

He accordingly enjoined defendants' use of the trade-mark because

> "The plaintiffs, having educated the public to ask for their pavements by their trade-mark name, have the right to insist that others shall not use the name."

In short, the section of the Restatement, and its attempted application to the present case, is in clear conflict with the established law, both local and Federal that trade-mark rights may be lost only by the act of the owner and that a mark does not become open to use by others as long as that use may have the effect of inducing the public to buy the goods of another as the goods of the original owner of the mark.[1]

VI.

The Decision of the Circuit Court of Appeals is in Conflict with the Proper Interpretation of Rule 52(a) of the Rules of Civil Procedure.

Rule 52(a) of the Rules of Civil Procedure provides that:

> "Findings of facts shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

There is a serious conflict in the decisions of the various Circuit Courts of Appeal as to the proper interpretation of this rule.

The Fourth Circuit, for example, has held that the findings of the lower court, "though entitled to weight are per-

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[1] *Saxlehner* v. *Eisner & Mendelson,* 179 U. S. 19; *Ford* v. *Foster,* (1872) L. R. 7 Ch. App. 611; *Corkran Hill & Co.* v. *A. H. Kuhlemann Co.,* 111 Atl. 471, 136 Md. 525; *Sherwood Co.* v. *Sherwood Distilling Co.,* 9 Atl. (2d) 842, 177 Md. 455; *Peter Stuart et al.* v. *John Thomas et al.,* 1 Baltimore City Rep. 524, 525; *Little Tavern Shops* v. *Davis,* (C. C. A. 4) 116 Fed. (2d) 903.

suasive only and not controlling." (*Beckey National Bank* v. *Boone*, 115 Fed. (2d) 513.) The Eighth Circuit, having first announced a somewhat contrary construction (*Storley* v. *Armour & Co.*, 107 Fed. (2d) 499, 505, 513; *Missouri Company* v. *George*, 114 Fed. (2d) 757, 759) now holds in accord with the Fourth Circuit. (*Aetna Insurance Company* v. *Kepler*, 116 Fed. (2d) 1, 5; *State Farmers Mut. etc. Co.* v. *Bonacci*, 111 Fed. (2nd) 412, 415.)

Those courts construe "clearly erroneous" to permit a reappraisal *de novo* of the record to determine where the weight of the evidence lies.

The Seventh Circuit on the other hand, together with the Tenth Circuit hold that the phrase "clearly erroneous" in Rule 52(a) is but a restatement of Mr. Justice Holmes' language in *Adamson* v. *Gilliland*, 242 U. S. 350, 353, to the effect that if there is any testimony consistent with the finding, it must be treated as "unassailable" (*Santa Cruz Oil Corporation* v. *Allbright-Nell Co.*, 115 Fed. (2d) 604, 607; *Webb* v. *Frisch*, 111 Fed. (2d) 887, 888; *In re American Mail Line*, 115 Fed. (2d) 196, 197, 198; *Continental Oil Company* v. *Jones*, 113 Fed. (2d) 557, 564; *Kelly* v. *Aderhold*, 112 Fed. (2d) 118-119).

In the Tenth Circuit, as illustrated by the *Continental Oil Company* and *Kelly* cases, last cited above, the court holds that if there is substantial evidence to support the findings, it is not "clearly erroneous". Both the first and Eighth Circuits state that this "substantial evidence rule is no longer of force." (*Manning* v. *Gagne*, 108 Fed. (2d) 718, 719; *State Farmers Mut. etc. Co.* v. *Bonacci*, 111 Fed. (2d) 412, 415.)

The Ninth Circuit was in doubt as to the correct construction of the rule, as is illustrated by special concurring opinion of Haney, C. J. in *Occidental Life Insurance Company* v. *Thomas*, 107 Fed. (2d) 876, but is now in accord with the Seventh and Tenth Circuits. (*Wittmayer* v. *United States*, Apr. 8, 1941), 4 Fed. Rules Ser. 42, Case 4, — Fed. (2) —.

It is important as a general matter of law that this conflict be ended by an authoritative interpretation of Rule 52(a). It is important that such an interpretation be made

in this case, because it seems to us that the Circuit Court of Appeals has gone beyond the proper limit of its power with respect to the findings of the District Court.

In the present case the District Court found, as a fact, that the use of "Dixi-Cola" and "Marbert Cola" was calculated and intended to deceive and did and does deceive members of the public into the belief that defendants' drink is merchandise emanating from the plaintiff.

This finding was supported by the fact that "Cola" became known to the general public through petitioner's long and extensive use of "Coca-Cola" on its product and in its advertisements; by the oral, visual and suggestive[1] similarity to "Coca-Cola" arising from the use of one-half of it in the various names of respondents' product; by the unchallenged evidence of hundreds of instances of passing off; by the undisputed testimony of forty-one members of the consuming public as to actual confusion of origin; and by the established fraudulent intent of respondents to benefit from petitioner's good will.

On such evidence, the District Court's finding was not "clearly erroneous," but the Circuit Court of Appeals nullified it by holding that respondents' marks do not infringe. We submit that the Circuit Court of Appeals was not at liberty under Rule 52(a) so to ignore this finding.

VII.

This Decision is in Conflict with the Decisions of Other Circuit Courts of Appeals.

The opposing views which create a conflict between the decision of the Circuit Court of Appeals and applicable judicial precedents are very clearly set forth in the decision itself. The court's decision turned upon the following statement (R. 2168):

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[1] Restatement of Torts, Vol. 3, Sec. 729; *Baker* v. *Master Printers Union of New Jersey*, 34 Fed. Supp. 808, 811; *Williamson Candy Co.* v. *Ucanco Candy Co.*, 3 Fed. (2d) 156, 158.

> "It must be concluded, we think, from this history that the word 'Coca-Cola', taken as a whole, is in some sense descriptive of the drink which it designates."

Yet, in speaking of the decision of the District Court, the Circuit Court of Appeals had already observed (R. 2165):

> "Hence it was decided that the name is not clearly descriptive of the product, but should be considered a coined word with all the characteristics of a technical trade-mark. Other courts have reached the same conclusion. See, *Coca-Cola Co. of Canada, Ltd.* v. *Pepsi-Cola Co. of Canada, Ltd.*, 1938, 4 D. L. R. 161, (Reversed by the Supreme Court of Canada, 1940, 1 D. L. R. 161).[1] *Nashville Syrup Co.* v. *Coca-Cola Co.*, 6 Cir., 215 F. 527."

Here, on the court's own statement, is a conflict—one of the many conflicts with established authority which are implicit in this decision. As a result of this conflict, the Circuit Court of Appeals has recognized the validity of the trade-mark, yet sanctioned the deceptive use of one half of it in the names of another product. A similar decision by another Circuit Court of Appeals was disapproved by this court in *Baglin* v. *Cusenier Co.*, 221 U. S. 580, the present Chief Justice saying (600) that permission to the defendant to use the trade-mark word as the name or description of its product "was inconsistent with the decree as to the ownership of the trade-mark." While not denying the right of the defendant to make some proper use of the word in dispute, the limitations upon that use were clearly set forth (600):

> "In short, they were not debarred from making a statement of the facts, * * * providing it were made fairly, and were not couched in language, or arranged in a manner, which would be misleading, and would show an endeavor to trade upon the repute of the monks' cordial. * * * But neither it nor the defendant

[1] The case is now pending in the Privy Council.

> was entitled to use the word 'Chartreuse' as the name or designation of the liqueur it manufactured * * *."

Hence, the decree of the Circuit Court of Appeals, predicated upon the opinion that an exclusive right is an essential basis for protection against another's appropriation of a word for denominative use, is in conflict with the decisions of this court. It is also in conflict with the decisions of other Circuit Courts of Appeals on the same point, including:

> *Standard Paint Co.* v. *Rubberoid Roofing Co.*, (C. C. A. 7) 224 Fed. 695;
> *Trappey* v. *McIlhenny Co.*, (C. C. A. 5) 281 Fed. 23; and
> *Barton* v. *Rex-Oil Co.*, (C. C. A. 3) 29 Fed. (2d) 474.

In the *Standard Paint* case the plaintiff's mark was "Ruberoid." This court had already held "Ruberoid" to be a descriptive term,[1] but the Circuit Court of Appeals for the Seventh Circuit laid an injunction upon the manner of its use by the defendant, saying (696):

> "If the appellee used the word 'rubberoid' merely as descriptive of its roofing, there could be no cause for complaint. But it goes further; it designates its product, not adjectively and descriptively as a rubberoid roofing, but substantively and by a trade-name as 'Rubberoid'. The noun rubberoid, not the adjective is expressly claimed to be the brand of its roofing."

Trappey v. *McIlhenny Co.*, 281 Fed. 23, concerned the word "Tabasco" as a trade-mark for pepper sauce. The defense was that the defendants' sauce was in fact made from Tabasco peppers. The Circuit Court of Appeals for the Fifth Circuit said (28):

> "The decree granting the injunction in this case is affirmed, so far as it enjoins the appellants from using

[1] *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446.

> the word 'Tabasco' as the name of the sauce manufactured by them."

Barton v. *Rex-Oil Co.*, 29 Fed. (2d) 474, dealt with the plaintiff's trade-mark "Dyanshine". The defendant's infringing mark was "Victory Dye & Shine." The court treated the plaintiff's mark as having validity only because of secondary meaning, since the words in their primary significance are plainly descriptive. In the opinion first rendered, the Circuit Court of Appeals for the Third Circuit refused to enjoin the denominative use of the words by the defendant. On rehearing the court reversed this position, saying:

> "Moreover, the complainants have satisfied us that on a definite and unequivocal finding of fact of this kind the law affords the remedy of injunction against the use of words which in instances such as this have acquired only a secondary meaning when those words are used as the name of a product as distinguished from their use in describing it."

The present case is also contrary to strong decisions which have heretofore been regarded as leading cases; for example, the decision of Mr. Justice Bradley in *Celluloid Mfg. Co.* v. *Cellonite Mfg. Co.*, 32 Fed. 94:

> "As a common appellative, the public has the right to use the word for all purposes of designating the article or product, except one,—it cannot use it as a trade-mark, or in the way that a trade-mark is used, by applying it to and stamping it upon the articles. The complainant alone can do this, and any other person doing it will infringe the complainant's right. Perhaps the defendant would have a right to advertise that it manufactures celluloid. But this use of the word is very different from using it as a trade-mark stamped upon its goods."

See also: *American Waltham Watch Co.* v. *United States Watch Co.*, 173 Mass. 84, 54 N. E. 141, (decision by Mr. Justice Holmes). *Bengue* v. *American Pharmaceutical Co.*, 155 Misc. 602, 280 N. Y. S. 153, (and cases there cited). Affirmed in 294 N. Y. S. 509. The court says of the opposing theory: "The consequence would be the unharnessing of competition; commercial rivalries would become vendettas."

Such a conflict between the decision in this case and the many decisions of this court and others should be reviewed and resolved.

CONCLUSION.

The Circuit Court of Appeals recognized, as did the District Court, the validity and exclusive right in petitioner's trade-mark, the fraudulent conduct of the respondents based on the appropriation of part of that mark, and the deception which followed it. The District Court's decree gave petitioner the remedy provided by the statute and accorded under all the doctrines of common law and of equity.

The denial of an adequate injunction by the Circuit Court of Appeals was predicated upon a misconception of the law as laid down by this court, and is in direct conflict with many of this court's basic decisions. In effect it nullifies the doctrine of trade-mark rights arising from secondary meaning, which has been approved by this court. To permit trade-mark infringement and unfair competition thus to go unrestrained, not only establishes a precedent of the most severe consequences for trade-mark owners, fair traders, and the consuming public, but works a grave injury to the fundamental law of trade-marks. It is of general importance and in widespread public interest that this decision be reviewed and reversed.

Your petitioner asks, therefore, that this court grant a writ of certiorari to the Circuit Cout of Appeals for the Fourth Circuit, as prayed in the foregoing Petition.

Respectfully submitted,

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APPENDIX.

Trade-Mark Act of February 20, 1905.

Section 5 (U. S. C. Tit. 15, Sec. 85):

That no mark by which the goods of the owner of the mark may be distinguished from other goods of the same class shall be refused registration as a trade-mark on account of the nature of such mark * * *

* * * * * * * *

Provided, That trade-marks which are identical with a registered or known trade-mark owned and in use by another and appropriated to merchandise of the same descriptive properties, or which so nearly resemble a registered or known trade-mark owned and in use by another and appropriated to merchandise of the same descriptive properties as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers shall not be registered:

* * * * * * * *

And provided further, That nothing herein shall prevent the registration of any mark used by the applicant or his predecessors, or by those from whom title to the mark is derived, in commerce with foreign nations or among the several states or with Indian tribes which was in actual and exclusive use as a trade-mark of the applicant, or his predecessors from whom he derived title, for ten years next preceding February twentieth, nineteen hundred and five:

* * * * * * * *

Section 16 (U. S. C. Tit. 15, Sec. 96):

That the registration of a trade-mark under the provisions of this act shall be prima facie evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign na-

tion, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.

Section 19 (U. S. C. Tit. 15, Sec. 99):

That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, acording to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this act for increasing damages found by verdict in actions of law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed.

FEDERAL RULES OF CIVIL PROCEDURE.

Rule 52(a):

EFFECT. In all actions tried upon the facts without a jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court.

IN THE

Supreme Court of the United States

OCTOBER TERM, [illegible]

NO. [illegible]

THE COCA-COLA COMPANY,

DIXI-COLA LABORATORIES, INC.,
CONSTANTINE [illegible],
ROY GOBER [illegible],
ALFRED [illegible],
APOLA EXTRACT [illegible],

BRIEF FOR THE [illegible]

JOSEPH S. [illegible]

W. HAMILTON [illegible]

[illegible]

IN THE

Supreme Court of the United States

OCTOBER TERM, 1940

No. 1059

THE COCA-COLA COMPANY,
Petitioner,

v.

DIXI-COLA LABORATORIES, INC., ROBERT W. KRUSE, CONSTANTINE GRIVAKIS, WILLIAM H. HENNEN, ROY GOBRECHT, MARTIN FOX, JACK J. STREGER, ALFRED O'NEILL, MARBERT PRODUCTS, INC., and APOLA EXTRACT AND SYRUP CORPORATION,
Respondents.

BRIEF FOR THE RESPONDENTS IN OPPOSITION.

ALPHABETICAL INDEX OF CASES CITED

H. E. Allen Manufacturing Co., Inc. v. Smith, 224 App. Div. 187, 229 N. Y. Supp. 692, 695 31
American Steel Foundries v. Robertson 269 U. S. 372, 381 12
Arrow Distilleries, Inc. v. Globe Brewing Co. 117 Fed. (2d) 347 37
Barton v. Rex-Oil Co. 2 Fed. (2d) 402, 29 Fed. (2d) 474 24
Baker v. Baker 6 U. S. Patent Quarterly 103 35
Bayer Co. v. United Drug Co. 272 Fed. 505 29
Bliss, Fabyan & Co. v. Aileen Mills, Inc. 25 Fed. (2d) 370, 372 31
Brennan v. Emery-Bird-Thayer Drygoods Co. 99 Fed. 971 19
Brooten v. Oregon Kelp Ore Products Co. 24 Fed. (2d) 496 30
Burger Brewing Co. v. Maloney-Davidson Co. 86 Fed. (2d) 815, 817 30
California Fruit Growers Exchange v. Windsor Beverages, Ltd. 118 Fed. (2d) 149 37
Capewell Horse Nail Co. v. Mooney 167 Fed. 575 35
Caron Corporation v. Maison Jeurelle-Seventeen, Inc., 26 Fed. Supp. 560 19
Chr. Bjelland & Co., Inc. v. Victor M. Calderon & Co., Inc., 9 N. Y. Supp. (2d) 720 19
Colburn v. Puritan Mills, 108 Fed. (2d) 377 19
30 Columbia Law Rev. 695, 697 30
Drive It Yourself Co. v. North (1925), 148 Md. 609, 130 Atl. 57 30
DuPont Cellophane Co. v. Waxed Products Co. 85 Fed. (2d) 75 29
DuPont Cellophane Co. v. S. H. Kress Co. 19 U. S. P. Q. 13 29
Elgin National Watch Co. v. Illinois Watch Case Co. 179 U. S. 665, 672-3 34
Estate of Beckwith v. Com. of Patents, 252 U. S. 538, 543-4 34
Fawcett Pub. Inc. v. Popular Mechanics Co. 80 Fed. (2d) 194 24
Ford v. Foster (1872), 7 Ch. App. 611 30
Ford v. Foster, L. R. 7 Ch. App. 611 30
General Talking Pictures Corporation v. Western Electric Co. 304 U. S. 175, 178. 12
Glenmore Distilleries Co. v. National Distillers Products Corp. 101 Fed. (2) 479. 12
Graf Bros., Inc. v. Marks 41 Fed. (2d) 167 19
Grove Laboratories, Inc. v. Brewer & Co. 103 Fed. (2d) 175 37
Howe Scale Co. v. Wyckoff, Seamans & Benedict 198 U. S. 118, 137 12
173 Md. 173, 195 Atl. 387 30
Industrial Rayon Corp. v. Dutchess Underwear Corp. 92 Fed. (2d) 33 29
In re Hoff 33 App. D. C. 2333 35
Interstate Distilleries Inc. v. Sherwood Distilling & Distributing Co. (1937),
Kellogg Co. v. National Biscuit Co. 305 U. S. 111 29
Kentucky D. & W. Co. v. Old Lexington Club, 31 App. D. C. 223 30
Kerly, The (English) Law of Trade-Marks, 6th Ed. 1927, p. 464 12
Kerly (English) Law of Trade-Marks, 6th Ed. 1927, pp. 422-4 30
Lawyers Title Ins. Co. v. Lawyers Title Ins. Corp. 109 Fed. (2d) 35, 41-2 29
Lekas & Drivas, Inc. v. Achaia-Clauss Wine Co. 36 U. S. P. Q. 98 29

Little Tavern Shops, Inc. v. Davis 116 Fed. (2d) 903 37
McKesson & Robbins, Inc. v. Phillips Chemical Co. 53 Fed. (2n) 342 35
McIlhenny's Son v. B. F. Trappey & Sons 278 Fed. 582 35
Montevallo Coal Mining Co. v. Little Gem Coal Co. 48 Fed. (2d) 411 35
Moore & Co. v. Auwell 172 Fed. 508 19
National Starch Mfg. Co. v. Munn's Patent Co. (1894) A. C. 275 30
Natural Food Co. v. Williams 30 App. D. C. 348 35
Nelson Corp. v. Columbus Heating Co. 11 Fed. (2d) 273 19
Ostermoor v. International Bedding Co. 18 Fed. (2d) 156 35
Premier Malt Products Co. v. Kasser 23 Fed. (2d) 98 19
Procter & Gamble Co. v. J. L. Prescott Co. 102 Fed. (2d) 773 37
Robertson & Kirkham, Jurisdiction of the Supreme Court of United States (1936), Sec. 282, p. 534 12
Robertson & Kirkham, *op. cit. supra*, p. 664 13
Saxlehner v. Wagner 216 U. S. 375 29
Searle & Hereth Co. v. Warner 112 F. 674 25
Sears & Nichols Co. v. Brakeley 38 App. D. C. 530 35
Shaler Co. v. Rite-Way Products, Inc. 107 Fed. (2d) 82 37
Sherwood Co. v. Sherwood Distilling Co. (1939), 177 Md. 455, 9 Atl. (2d) 842 .. 30
Shipley v. Hall, 256 Fed. 539 30
Smith Dixon Co. v. Stevens (1904), 100 Md. 110, 59 Atl. 401 30
Star Brewery Co. v. Val. Blatz Brewing Co. 36 App. D. C. 534 30
Steem-Electric Corp. v. Herzfeld Phillipson Co. 118 Fed. (2d) 122, 125, 127 31
Southern Power Co. v. North Carolina Public Service Co. 263 U. S. 508, 509 12
Thaddeus Davids Co. v. Davids 233 U. S. 461, 467 35
Thierfeld v. Postman's Fifth Ave. Corp. 48 U. S. P. Q. 627 29
Thomas Kerfoot & Co. v. Louis K. Liggett Co. 67 Fed. (2d) 214 19
Turner & Seymour Mfg. Co. v. A. & J. Mfg. Co. 20 Fed. (2d) 298 19
United States of America v. James J. Johnston, 268 U. S. 220, 227 12
Valvoline Oil Co. v. Havoline Oil Co. 211 Fed. 189 19
Walgreen Drug Stores, Inc. v. Obear-Nester Glass Co. 113 Fed. (2d) 956 37
Warner & Co. v. Lilly & Co. 265 U. S. 526 34
Winget Kickernick Co. v. La Mode Garment Co., 42 Fed. (2d) 513 19
Worster Brewing Corp. v. Rueter & Co. 30 App. D. C. 428 35
Worster Brewing Corp. v. Rueter & Co. 30 App. D. C. 428 35
In re Wright 33 App. D. C. 510 35
33 Stat. 725, 15 U. S. C. A., Sec. 85 35

INDEX ACCORDING TO CONTENTS

OPINIONS BELOW 5

JURISDICTION 5

QUESTION PRESENTED 5

STATEMENT 5

SUMMARY OF ARGUMENT 8

ARGUMENT 11

1. Infringement is Essentially a Question of Fact 11
2. There Was No Misapplication of Section 16 of the Trade-Mark Act 14
3. This Court Has Denied Certiorari in Coca-Cola Co. v. Carlisle Bottling Works, Where the Same Basic Issue of Infringement Was Involved 15
4. The Decision Below Rests on Settled Rules of Trade-Mark Law and Certiorari Has Been Repeatedly Refused in Similar Cases 17
5. The Decision of the Court Below is Not in Conflict with Coca-Cola Co. v. Koke Co., 254 U. S. 143 20
6. The Decision Below is in Accord with the Decisions of This Court and of the Other Circuit Court of Appeals 23
7. Section 735(1) of the Restatement of Torts is Supported by DuPont Cellophane Co. v. Waxed Products Co., which This Court Twice Refused Review on Certiorari 28
8. The Confusion and Substitution Evidence 31
9. Validity of Petitioner's Trade-Mark 34
10. The Decision Below is Not in Conflict with Rule 52(a) of the Rules of Civil Procedure 35

CONCLUSION 38

OPINIONS BELOW

The opinion of the District Court (R. 1532-1546) is reported in 31 Fed. Supp. 835.

The opinion of the Circuit Court of Appeals for the Fourth Circuit (R. 2159-2175) is reported in 117 Fed. (2d) 352.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered on January 11, 1941 (R. 2176). A petition for rehearing was denied on February 18, 1941 (R. 2197). The petition for Writ of Certiorari was filed on May 15, 1941. The jurisdiction of this Court is invoked under Section 240 of the Judicial Code as amended by the Act of February 13, 1925.

QUESTION PRESENTED

Does respondents' use of the marks "Dixi-Cola" and "Mar-Bert the Distinctive Cola" constitute an infringement or "colorable imitation" of "Coca-Cola", having regard for the fact that the word cola aptly describes the cola ingredient of respondents' beverages and is the generic designation of a recognized class of beverages?

STATEMENT

The Coca-Cola Company sued the respondents for trade-mark infringement and for unfair competition (R. 10-11).

The claim of trade-mark infringement was predicated upon the respondents' use of the word cola as part of their trade-marks (R. 10), which word the Court below found to be descriptive

and generic (R. 2168, 2169, 2172). Petitioner's contention was not that the marks in their totality were so similar as to lead to any confusion of goods, but that respondents' use of the word cola might lead the public to regard their drinks as other and different products of the Coca-Cola Company (R. 2162, 2160, 1548; Petitioner's Reply Brief in Court Below pp. 21, 102).

The acts of unfair competition consisted principally of respondents' alleged encouragement of dealers to substitute or pass off respondents' syrup and beverage as and for the petitioner's in the sale of such syrup and beverage at soda fountains and at bars and taverns in glasses for immediate consumption (see e.g. R. 74-75; 84; 94-95; 1187-1188; 1356-1357; 1395-1396). The record discloses that approximately 90% of respondents' business in 1939, just prior to trial, related to the sale of their concentrate for use in the preparation of *bottled* drinks (R. 502, 503), as distinguished from the sale of their beverages for consumption in non-bottled form.

The Trial Court found respondents guilty of both trade-mark infringement, by reason of their use of the word "cola" as part of their marks, and unfair competition (R. 1553). It granted a sweeping injunction which not only restrained respondents from using the characteristic brown color of a cola beverage in the sale of their products in non-bottled form and from engaging in the various acts of unfair competition with which they were charged (R. 1553-55), but also from

> "using, as part of the name of their products, the word 'cola', regardless of whether the syllable placed in front of the word 'cola' is like or unlike the syllable 'Coca', — whether it looks like it, or, when pronounced sounds like it." (R. 1546.)

An appeal was thereupon taken by the respondents to the Circuit Court of Appeals. The questions which were pressed on the appeal were whether respondents' marks "Dixi-Cola" and

Note: Petitioner's display (its petition opposite, p. 3) is not accurate in the following respects: The only marks that are involved in the present petition are Dixi-Cola and MarBert The Distinctive Cola, and, consequently, we have set forth above the pictures of the bottles upon which these marks are placed, together with a picture of petitioner's bottled drink. The Dixi-Cola crown shown in the Petition is not of respondents' design, the same having been specially ordered by one franchise bottler in Birmingham, Ala. (R. pp. 304, 305). The authorized Dixi-Cola crown is as portrayed above, having a red background with the trade-mark printed in white. (Defendant's physical exhibit no. 1).

"MarBert the Distinctive Cola" constituted infringements of Coca-Cola and whether respondents should be restrained from the use of brown coloring in the sale of their beverages in non-bottled form. No defense was made in respect of such marks as "Apola Cola" and "Lola Kola" (R. 2160).

The Circuit Court of Appeals held that the respondents' use of their marks "Dixi-Cola" and "MarBert the Distinctive Cola" did not infringe upon Coca-Cola and modified the decree of the lower Court accordingly (R. 2174, 2175). Except for the issue of infringement, the decree of the District Court in all other respects was affirmed (R. 2175).

After a painstaking examination of the record and consideration of the arguments of the parties and on the basis of reasoning fully in accord with the principles of infringement laid down by this Court and the Circuit Courts of Appeals in innumerable decisions, the Court concluded that the marks in controversy as used were not confusingly similar, and that there was no reasonable likelihood of the respondents' products being mistaken as and for the petitioner's, or regarded as emanating from the same source (R. 2174).

The Court thus limited its ruling to the facts before it and treated the case as an ordinary suit for trade-mark infringement and unfair competition. The petitioner's real complaint is not that the Court failed to consider and give weight to all the facts in the record before it, but that it refused to make a sweeping declaration in petitioner's favor in respect to its claim to monopoly in the word cola, as had been done by the District Court.

Petitioner has set forth opposite page 3 of its petition colored reproductions of various bottle caps. Since a bottle cap is only one part of the entire dress of a bottled beverage, in order that the Court have a complete picture of the appearance of the products in controversy, respondents are setting forth on facing page colored reproductions of the bottled beverages of the parties.

SUMMARY OF ARGUMENT

I. The basic question in this case is whether respondents' use of their marks "Dixi-Cola" and "MarBert the Distinctive Cola" constitute an infringement of Coca-Cola. The issue of infringement is concededly a question of fact (Pet. p. 14). This Court has repeatedly refused to review the determination of infringement by the Circuit Courts of Appeals in accordance with its settled practice that certiorari will not be issued to review questions of fact. Thus, this Court denied certiorari to review a finding of infringement by the Circuit Court of Appeals of this very circuit in another litigation in which the present petitioner was a party. In resisting the application for certiorari (*Old Dominion Beverage Corp.* v *Coca-Cola Company,* 271 Fed. 600 [C. C. A. 4th, 1921], cert. den. 256 U. S. 703 [1921]), the Coca-Cola Company asserted, at p. 8 of its brief of opposition:

> "The decision of the Circuit Court of Appeals establishes no rule of law but determines only a question of fact, which could never be duplicated in any case between other parties, and therefore could never constitute an authority of general or public interest."

II. The supposed conflict in the decisions which petitioner stresses is in fact non-existent and springs from differences of fact in various litigations and not from any differences of fundamental principle. Thus, this Court, after granting certiorari in *Wisconsin Electric Co.* v. *Dumore Co.,* 35 Fed. (2d) 555 (C. C. A. 6th, 1929), on the claim of the very conflict now asserted by the present petitioner, subsequently dismissed the writ of certiorari as improvidently granted, stating (282 U. S. 813 [1931]):

> "It appearing that the asserted conflict in decisions arises from differences in states of fact, and not in the application of a principle of law, the writ of certiorari is dismissed as improvidently granted."

III. Petitioner has invoked §16 of the Trade-Mark Act in an attempt to create an issue for review where none exists. No question of statutory construction is presented by this case, since §16 admittedly (Petitioner's Br. p. 29) codifies the common law rules of infringement, which rules were correctly applied by the Court below.

IV. Certiorari was denied in *Coca-Cola Co.* v. *Carlisle Bottling Works,* 43 Fed. (2d) 119 (C. C. A. 6th [1930]), cert. den. 282 U. S. 883 (1930), where essentially the same questions which are now presented were raised by the Coca-Cola Company in its petition for certiorari. Both the District Court and the Circuit Court of Appeals held that the mark "Roxa Kola" was not an infringement of Coca-Cola.

V. Certiorari has been repeatedly refused by this Court from rulings of non-infringement, where the only point of similarity between the marks in controversy was a common suffix. Thus certiorari has been denied in the following cases holding that there was no infringement between such marks as "Roof Leak" - "Never Leak"; "Krank's Lather Kreem" - "Twilight Lather Cream"; "Spearmint" - "Peptomint"; "Kentucky Tavern" - "Town Tavern"; "Red Heart" - "Strongheart".* The decision below rests upon the basic principle of trade-mark law that it is no infringement for a trader to use as part of his trademark a descriptive or generic word which has already been adopted by another, provided that the competing marks, taken as a whole, are clearly distinguishable.

VI. The decision below is in accord with this Court's decision in *Coca-Cola Co.* v. *Koke Co.,* 254 U. S. 143 (1920). Not only was the descriptive and generic nature of the word cola not in issue in the Koke case, but the Coca-Cola Company offered testimony establishing the descriptiveness of the word cola,

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* See discussion infra, pp. 17 and 18.

to meet the charge that its mark misdescribed its product, and, in addition, expressly represented in its brief that the testimony in the record before this Court established "that the public recognize that the beverages to which those of the parties belong is a large and well defined class of drinks" (Coca-Cola Reply Brief, pp. 28-9). The Coca-Cola Company asserted in the same brief (p. 51) that this class of drinks "were not classified as soda water, or root beer, or lime juice or sarsaparilla, ***but as cola drinks.***"

VII. Section 735(1) of the Restatement of Torts is supported by the decision of *DuPont Cellophane Co.* v. *Waxed Products Co.,* 85 Fed. (2d) 75 (C. C. A. 2d, 1936), which this Court twice refused to review on certiorari [299 U. S. 601 (1936), 304 U. S. 575 (1938), 305 U. S. 672 (1938)], and the overwhelming weight of authority. Furthermore, the Restatement deals with the subsequent genericness of words which were initially trademarks, whereas the question here is whether cola, which was never petitioner's trade-mark and which has never been used by petitioner or by the public to designate the source of petitioner's product, is a generic term.

VIII. The decision of the Court below is not in conflict with Rule 52(a) of the Rules of Civil Procedure. Petitioner invokes this provision of the Rules in an effort to create an issue of law which is not present in this case. None of the cases cited by it as having interpreted this rule was concerned with trade-mark litigation and there have been numerous cases since the adoption of this rule in which determinations on infringement by the District Courts have been reversed by the Circuit Courts of Appeals.

ARGUMENT

THE QUESTION OF INFRINGEMENT WHICH IS THE PRINCIPAL ISSUE IN THIS LITIGATION IS PRIMARILY A QUESTION OF FACT.

THE OTHER QUESTIONS WHICH PETITIONER REQUESTS THIS COURT TO REVIEW ARE HYPOTHETICAL AND ABSTRACT QUESTIONS WHICH ARE NOT RAISED BY THIS RECORD.

THE DECISION BELOW DOES NOT CONFLICT WITH THE RULINGS OF THIS COURT OR WITH THE DECISIONS IN OTHER CIRCUITS AND DOES NOT DEPART FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS.

THE QUESTIONS URGED BY PETITIONER CONCERN THE LITIGANTS ALONE AND ARE NOT OF ANY GENERAL OR PUBLIC INTEREST.

There is a studied effort by the petitioner to create the impression that this case presents for determination novel questions of law which were decided below in conflict with settled authority and that the decision of the Circuit Court of Appeals constitutes a departure from established rules of trade-mark law. Actually, many of the questions discussed in the petition are not raised by this record and have no relation to the true issues in this case. The decision below is not only consistent with the doctrines laid down by this Court and by the Courts of Appeals in the other circuits in trade-mark litigation, but is in accord with every authoritative ruling on the very question that was before it, namely, whether the use of the descriptive and generic word cola as part of a distinguishable trade-mark constitutes an infringement.

1. Infringement is Essentially a Question of Fact.

The principal question controverted below and which is in issue between the parties here is whether respondents' marks

infringe upon Coca-Cola. The Court at the outset of its opinion stated (R. 2160):

> "The plaintiff concedes that the names Dixi-Cola and MarBert the Distinctive Cola are not so similar to the name Coca-Cola that a purchaser of the beverage known as Dixi-Cola or MarBert the Distinctive Cola would be led to believe that he was buying the beverage Coca-Cola, but the plaintiff nevertheless charges infringement on the ground that the use of the word 'cola' in defendants' trade-marks or trade-names leads the public to believe that their products originate with the plaintiff."[1]

The whole question, therefore, for determination was whether confusion of origin might result from the respondents' use of their marks. Whether infringement has occurred or is likely to occur is mainly a question of fact. This is conceded by the petitioner at page 14 of its petition, where it asserts "Infringement is a fact."

The Courts have repeatedly held that the issue of infringement is primarily one of fact.[2]

Under the settled practice of this Court a writ of certiorari will not be granted to review questions of fact.[3]

For this reason, this Court has repeatedly refused to review findings of infringement in the cognate field of patent litiga-

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[1] See: R. 2162-1548; Pet. Reply Brief in Court below, pp. 21, 102.

[2] See: *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict,* 198 U. S. 118, 137 (1905); *American Steel Foundries* v. *Robertson,* 269 U. S. 372, 381 (1926); *Glenmore Distilleries Co.* v. *National Distillers Products Corporation,* 101 Fed. (2d) 479 (C. C. A. 4th, 1939), cert. den. 307 U. S. 632 (1939); *Kerly, The (English) Law of Trade-Marks,* 6th Edition 1927, p. 464.

[3] See: *Southern Power Co.* v. *North Carolina Public Service Co.,* 263 U. S. 508, 509 (1924); *United States of America* v. *James J. Johnston,* 268 U. S. 220, 227 (1925); *General Talking Pictures Corporation* v. *Western Electric Company,* 304 U. S. 175, 178 (1938). See also: *Robertson & Kirkham,* Jurisdiction of the Supreme Court of United States (1936) §282 at p. 534.

tion and has only granted certiorari in cases of a clear and unmistakable conflict of decision in the various circuits in respect of the same patent.[1]

That no occasion exists for the issuance by this Court of its discretionary writ to review a question of infringement has been recognized by this petitioner in its previous litigations. When the shoe was on the other foot and the Coca-Cola Company was opposing the granting of certiorari to review a decree of infringement entered by this very Circuit Court of Appeals in *Old Dominion Beverage Corp.* v. *Coca-Cola Co.*, 271 Fed. 600 (C. C. A. 4th, 1921), No. 908, Oct. Term, 1920, cert. denied 256 U. S. 703 (1921), it asserted at p. 8 in its brief of opposition:

> *"The decision of the Circuit Court of Appeals establishes no rule of law but determines only a question of fact, which could never be duplicated in any case between other parties, and therefore could never constitute an authority of general or public interest."*[2]

The factual nature of the questions now pressed by the petitioner has been expressly recognized by this Court in dismissing as improvidently granted a writ of certiorari which was issued in *Wisconsin Electric Co.* v. *Dumore Co.*, 282 U. S. 813 (1931). The claim was made by the petitioner in that case that the decision of the Circuit Court of Appeals for the Sixth Circuit, permitting the respondent to use the descriptive mark "Dumore", if properly qualified by the juxtaposition of its full corporate name "Dayton Washer Co.," notwithstanding petitioner's extended prior use of the same mark, was in conflict with the decisions of this Court and of the other Circuit Courts of Appeals. After the issuance of certiorari and the hearing of this case on the merits, this Court dismissed the writ in a *per curiam* decision, reading as follows:

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[1] *Robertson & Kirkham, op. cit. supra,* at p. 664.
[2] Italics ours unless otherwise indicated.

> "It appearing that the asserted conflict in decisions arises *from differences in states of fact, and not in the application of a principle of law,* the writ of certiorari is dismissed as improvidently granted."

2. There Was No Misapplication of Section 16 of the Trade Mark Act.

In order to create the impression that this case involves important questions of statutory construction, petitioner invokes Section 16 of the Trade-Mark Act as though that section creates new and special rights and lays down new and special tests for determining infringement. It claims that the Court below misapplied Section 16, stating at page 30 of its brief, that the Court

> "held in effect that there could be no infringement, and hence no remedy, where less than the whole of the petitioner's trade-mark had been appropriated."

There is nothing in the opinion of the Court below lending the slightest support to this extraordinary claim.

It is rather presumptuous of petitioner to suggest that the Court below was unaware of the provisions of Section 16 and did not appreciate that the proprietor of a trade-mark is entitled to relief against colorable imitation as well as the reproduction of his mark (see Petition p. 10). Section 16 admittedly codifies the common law rules of infringement (Pet. brief p. 29). A mark is a colorable imitation or an infringement where it is likely to cause confusion or mistake in the minds of the public or to deceive purchasers. Whether a mark is likely to cause confusion and thus infringes is essentially a question of fact. Such a question of fact is not transformed into a novel question of law by the easy expedient of quoting a phrase from the Federal Trade-Mark Act.

The Court below clearly recognized and applied the settled rules, both of the common law and statute, governing the de-

termination of infringement. Thus, for example, it quoted with approval in its opinion (R. 2170-2171) from the unanimous decision of the Supreme Court of Canada, in *Pepsi-Cola Co. of Canada, Ltd.*, v. *Coca-Cola Co. of Canada, Ltd.*, [1940] S. C. R. 17, where the Court applied the historic test of sight, sound and meaning in determining infringement. The opinion of the Court below similarly refers to the prior decisions in this very circuit, where relief was granted petitioner against "colorable imitations" (R. 2171-2172).

That the Court did not interpret Section 16 as merely interdicting the making of Chinese copies of a plaintiff's mark, is clearly indicated by the Court's statement in its opinion of the controlling issues in this case. The Court states (R. 2163):

> "We must, therefore, consider the defense now set up to this phase of the plaintiff's case that the word 'cola' is a descriptive and generic term, open to all the world, *which may be lawfully used as a part of a trade mark by competitors so long as the whole trade-mark is not confusingly similar to Coca-Cola.*"

The Court found that the respondents' marks in their totality were not confusingly similar to the petitioner's mark and therefore denied relief.

3. This Court Has Denied Certiorari in Coca-Cola Co. v. Carlisle Bottling Works, Where the Same Basic Issue of Infringement Was Involved.

Though lamenting the catastrophic effects which it believes the decision below will have on the law of trade-marks, petitioner has not seen fit to mention in its brief that this Court, a decade ago, denied certiorari to review the holding of the Circuit Court of Appeals for the Sixth Circuit, in *Coca-Cola Co.* v. *Carlisle Bottling Works*, 43 Fed. (2d) 119 (C. C. A. 6th, 1930), cert. den. 282 U. S. 883 (1930), that the mark Roxa Kola did not infringe Coca-Cola.

Essentially the same questions which are now presented were presented by the Coca-Cola Company in its petition and brief in the Roxa Kola case. There, as here, it printed in its petition facsimiles of the bottle caps used by the parties, and pointed out that the initial bottle cap of the respondent in that litigation consisted of a silver-colored background upon which the mark was printed in red letters. There, as here, the charge was made that the Circuit Court of Appeals had limited the concept of infringement to exact duplication or the making of a "Chinese copy" (Petitioner's Br. p. 10 in Roxa Kola litigation). There, as here, the claim was made that all effect had been denied petitioner's proof of numerous instances of passing off.

Both the District Court and the Circuit Court of Appeals, after considering many of the authorities that have been relied upon by the petitioner in the present litigation, including the decision of this Court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143 (1920), found that Roxa Kola did not infringe Coca-Cola. The decision below (R. 2170) cites and is in full accord with the Roxa Kola case.

Notwithstanding petitioner's claim that the decision below is out of line with the rulings of other courts in trade-mark cases, it was unable to call to the attention of the Court below or to the attention of this Court any authoritative decision in which the use of the word cola as part of a trade-mark has been held to be an infringement *per se*. The reason is that the courts have uniformly held that it is no infringement for a competing manufacturer of a cola beverage to use the word cola as part of a distinguishable mark having a completely dissimilar prefix.

Thus, for example, the Supreme Court of Canada has held that "Pepsi-Cola" does not infringe "Coca-Cola" (*Pepsi-Cola Co. of Canada, Ltd.* v. *The Coca-Cola Co. of Canada, Ltd.* [1940] S. C. R. 17)*; Judge Hough in the District Court in 1912

* Leave to appeal to Privy Council has been granted.

held that "Espo-Cola" did not infringe "Coca-Cola" (*Coca-Cola Co.* v. *Williamsburgh Stopper Co.*, 2 T. M. R. 234 [S. D. N. Y.]); and in 1909 a Federal District Court held that "Miner's Citro-Cola" did not infringe "Coca-Cola" (*Seth A. Fowle, etc.* v. *Miner's Fruit Nectar Co.* [C. C. D. Mass., Eq. 1909] unreported).

The Court below concluded its review of the various Coca-Cola litigations as follows (R. 2172):

> "No reported case has come to our attention which distinctly holds that the word 'cola' cannot be used as part of a name of a beverage provided that the whole name is not confusingly similar to Coca-Cola."

4. The Decision Below Rests on Settled Rules of Trade Mark Law and Certiorari Has Been Repeatedly Refused in Similar Cases.

The basic principle which the Court found determinative of the infringement issue, and upon which it rested its decision, was stated by it as follows (R. 2163):

> "There are many cases which hold that it is not infringement for a trader to use as part of his trade name to designate his product a descriptive or generic word which has already been adopted by another, provided that the competing marks, taken as a whole, are clearly distinguishable."

Copious illustrations of this principle may be found in the decisions of the various Circuit Courts of Appeals which this Court has refused to review on certiorari, as well as the rulings of the lower Federal and State courts. This Court has denied certiorari to review the decision of the Seventh Circuit in *Sears, Roebuck & Co.* v. *Elliott Varnish Co.*, 232 Fed. 588 (C. C. A. 7th, 1916), cert. den. 242 U. S. 635 (1916) holding that "Never Leak" does not infringe the registered mark "Roof Leak". This decision followed the leading case of *S. R. Feil Co.* v. *John E.*

Robbins Co., 220 Fed. 650 (C. C. A. 7th, 1915), holding that "SalTone" does not infringe "Sal-Vet". Certiorari was likewise denied in *A. J. Krank Mfg. Co.* v. *Pabst,* 277 Fed. 15 (C. C. A. 6th, 1921), cert. den 259 U. S. 580 (1922), where it was held that "Twilight Lather Cream" did not infringe "Krank's Lather Kreem"; and in *Larson Co.* v. *Wrigley,* 253 Fed. 914 (C. C. A. 7th, 1918), cert. den. 248 U. S. 580 (1918) where "Peptomint" was held not to infringe "Spearmint".

This Court, moreover, has refused to grant certiorari in recent cases in which the Circuit Courts of Appeals have held that defendants could include as part of their marks arbitrary and fanciful terms previously used by the plaintiffs, thus extending this principle to the conjoint use of fanciful as well as descriptive terms. Thus, certiorari was refused in *Glenmore Distilleries Co.* v. *National Distillers Products Corp.,* 101 Fed. (2d) 479 (C. C. A. 4th, 1939), cert. den. 307 U. S. 632 (1939), where it was held that "Town Tavern" for whiskey was not an infringement of the registered mark "Kentucky Tavern", and in *John Morrell & Co.* v. *Doyle,* 97 Fed. (2d) 232 (C. C. A. 7th, 1938), cert. den. 305 U. S. 643 (1938), where "Strongheart" was held not to infringe "Red Heart".

That the decision below was thus consonant with the settled rules of trade-mark law is shown by the cases listed in the footnote, in which the courts have declined to find infringement where both the plaintiff and defendants used the same prefix or suffix in marks which were dissimilar in their totality.*

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Plaintiff's Mark	*Defendant's Mark*
Hyglo	Glo-Ray (1)
BAIN de CHAMPAGNE	Bain Mousseux (2)
Py-Do	Py-O-My (3)
Vapex	Vapure (4)
King Oscar	King Olav (5)
Steel Shod	Steel Clad (6)
Kickernick	Kickaway (7)
Muresco	Murafresco (8)

It is thus apparent that there is no basis for the contention of the petitioner that the decision below departed from settled authority in permitting "one-half" of its mark to be used denominatively as part of the respondents' marks. The inclusion of "one-half" of a plaintiff's mark in a distinguishable compound of a defendant has been held not to constitute an infringement in the many cases cited above.

Moreover, the petitioner's mark is Coca-Cola, not cola. It never used the word cola alone in any respect. Indeed, cola can no more be said to be one-half of petitioner's mark than it is one-half of Roxa Kola or of the other cola marks which have been sustained by the courts.

Blue Ribbon	Blue Anchor [9]
Valvoline	Havoline [10]
Heatovent	Univent [11]
Blue Streak, Blue Whirl	Blue Tip [12]

[1] *Graf Bros. Inc.* v. *Marks,* 41 Fed. (2d) 167 (E. D. N. Y., 1929).

[2] *Caron Corporation* v. *Maison Jeurelle-Seventeen, Inc.,* 26 Fed. Supp. 560 (S. D. N. Y., 1938).

[3] *Colburn* v. *Puritan Mills,* 108 Fed. (2d) 377 (C. C. A. 7th, 1939). The Court regarded the plaintiff's mark as descriptive but did not rest its decision on this ground.

[4] *Thomas Kerfoot & Co.* v. *Louis K. Liggett Co.,* 67 Fed. (2d) 214 (C. C. A. 1st, 1933).

[5] *Chr. Bjelland & Co., Inc.* v. *Victor M. Calderon & Co., Inc.,* 9 N. Y. Supp. (2d) 720 (Sup. Ct. N. Y., 1939), aff'd. 21 N. Y. Supp. (2d) 511 (1st Dept., 1940).

[6] *Brennan* v. *Emery-Bird-Thayer Drygoods Co.,* 99 Fed. 971 (C. C. W. D., Mo., 1900). The Court questioned the validity of the plaintiff's mark.

[7] *Winget Kickernick Co.* v. *La Mode Garment Co.,* 42 Fed. (2d) 513 (N. D. Ill., 1930).

[8] *Moore & Co.* v. *Auwell,* 172 Fed. 508 (C. C. E. D., N. Y.), 1909), aff'd. 178 Fed. 543 (C. C. A. 2d, 1910).

[9] *Premier Malt Products Co.* v. *Kasser,* 23 Fed. (2d) 98 (E. D. Pa., 1927), aff'd. 26 Fed. (2d) 1021 (C. C. A. 3d, 1928).

[10] *Valvoline Oil Co.* v. *Havoline Oil Co.,* 211 Fed. 189 (S. D. N. Y., 1913).

[11] *Nelson Corp.* v. *Columbus Heating Co.,* 11 Fed. (2d) 273 (C. C. A. 6th, 1926).

[12] *Turner & Seymour Mfg. Co.* v. *A. & J. Mfg. Co.,* 20 Fed. (2d) 298 (C. C. A. 2d, 1927).

5. The Decision of the Court Below is Not in Conflict with Coca-Cola Co. v. Koke Co., 254 U. S. 143.

The ruling of the Circuit Court of Appeals is fully supported by the decision of this Court in *Coca-Cola Co.* v. *Koke Co.,* 254 U. S. 143 (1920).

The Coca-Cola Company in the *Koke* case sought to prevent the use by the defendant of the term "Koke". The Record and briefs filed in this Court disclose that the Coca-Cola Co. produced voluminous testimony to prove that "Koke" was the popular nickname of its product, and that the public called for its drink by this term as well as by "Coca-Cola". The defendant argued that "Koke" was not the popular nickname of the plaintiff's product, but that it was used by the public to designate the entire class of cola beverages. The defendant also argued that the plaintiff was not entitled to equitable relief because it had been guilty of misrepresentation and because its mark was misdescriptive. It argued that the mark implied the presence of cocaine in the product and contended that plaintiff's drink did not contain sufficient cola extract to warrant the use of cola as part of its mark.

The District Court in *Coca-Cola Co.* v. *Koke,* 235 Fed. 408 (D. C. Ariz. 1916) found that "Koke" is "an abbreviation of the words 'Coca-Cola' " and is used "by the public and by purchasers in designating the plaintiff's product" (p. 414), and accordingly granted an injunction.

The Circuit Court of Appeals [*Koke Co. of America* v. *Coca-Cola Co.,* 255 Fed. 894 (C. C. A. 9th, 1919]) reversed this ruling and held that the Coca-Cola Co. must be denied relief by reason of its "deceptive, false, fraudulent, unconscionable conduct", page 896.

This Court granted certiorari, limiting its review to the one question of unclean hands, stating per Mr. Justice Holmes, 254 U. S. 143 at p. 145:

"That is the question upon which the writ of certiorari was granted and the main one which we shall discuss."[1]

To meet the charge of unclean hands, the Coca-Cola Company had offered testimony to the effect that cola extract is a bitter and potent flavoring ingredient; that cola affects the flavor and taste of this drink despite the small quantities used; and that the importance of a flavoring substance such as cola is qualitative rather than quantitative. This Court dismissed the defense of unclean hands and held that the charge that plaintiff's mark was misdescriptive had not been sustained. In holding that the Coca-Cola mark was not misdescriptive, it is apparent that this Court was of the opinion, in view of the contentions made in the litigation, that petitioner's use of cola as part of its mark was justified by the presence of the cola ingredient in its drink.

To meet the defendant's contention that Koke did not refer to plaintiff's product but to any member of this class of beverage, the Coca-Cola Company represented to this Court that the testimony in the case established that cola was the generic designation for the type of soft drink of which its product was the prototype. Thus, in its reply brief, it stated:

> "Something approximating the formula could in various ways be ascertained and one beverage after another came upon the market until there was a numerous class known as cola and caffeine drinks. Respondents, on page 154 of their brief, mention sixty-eight by name, and it is true as they say (page 152) that *'the testimony herein shows that the public recognize that the beverages to which those of the parties belong is a large and well-defined class of drinks.'"* (Pp. 28-29.)

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[1] Petitioner now asserts on pages 3, 16, 26, 27 that this Court, in the *Koke* case adjudicated Coca-Cola to be a valid mark. The vigorous attack launched by the defendant against the validity of the Coca-Cola mark impelled the plaintiff to argue that its mark had acquired a secondary meaning. This Court finding that such a secondary meaning had been developed, thus found it unnecessary to consider the question of validity.

> "The public recognized difference enough to put this beverage in a class by itself. And soon competition sprung up — almost at once, and various beverages, asserted to be made according to the Pemberton formula, so far as that formula was discoverable by analysis or otherwise to the number of a hundred or more, were placed upon the market, and they were known by the trade and by the public as coca, or more generally as cola drinks. *They were not classified as soda water, or root beer, or lime juice or sarsaparilla, but as cola drinks.* They had a taste and flavor of their own, as tea and coffee, and wines and liquors have, each its own taste and flavor, and differed as among these there might be differences in the same class. And Coca-Cola was the prototype of its class." (Pp. 50-51.)
>
> "Everyone testifying upon the subject speaks of Coca-Cola as a cola drink, as having the taste and flavor peculiar to cola drinks." (Pp. 54-55.)

It is thus apparent that the *Koke* case recognizes no rights of the petitioner in the word cola.

Petitioner, at page 12, now states:

> "The evidence in the case at bar, with respect to the asserted generic character of 'Cola', does not differ substantially either in character or amount from the like evidence before this court in *Coca-Cola Company* v. *Koke Co.*, 254 U. S. 143."

In view of petitioner's assertion in its brief in the *Koke* case, that cola is a generic term, its generic nature at the present time can no longer be questioned.

Nor, can it be contended that the *Koke* case holds that "Koke" is an infringement of "Coca-Cola" by reason of its similarity to the prefix Coca as is asserted by the petitioner in page 13 of its petition.

The word "Koke" was protected because the petitioner had adduced proof that it was the abbreviation of its mark and the popular nickname of its product. Far from claiming that cola

was the nickname of its product, the Coca-Cola Company in the *Koke* case asserted that it was the generic designation of an entire class of beverages of which its drink was but one member. No evidence was adduced in the present case that cola is the nickname or abbreviation of Coca-Cola. There is no proof that the public ever asks for its drink by the name cola. Under these circumstances, it is clear that no exclusive right in the word cola can be sustained.

The *Koke* case thus fully supported the ruling below that cola is a descriptive and generic word.

Parenthetically, it should be stated that in the *Roxa Kola* case, in which certiorari was denied by this Court, the Coca-Cola Company cited the *Koke* case in support of its petition for certiorari.

6. The Decision Below is in Accord with the Decisions of This Court and of the Other Circuit Courts of Appeals.

The petitioner asserts in Point Seven of its brief (p. 40) that the decision below, in refusing to restrain the respondents from using the descriptive and generic word cola as part of their trade-marks, is in conflict with such decisions as *Barton* v. *Rex-Oil Co.*, 29 Fed. (2d) 474 (C. C. A. 3d, 1928); *Baglin* v. *Cusenier Co.*, 221 U. S. 580 (1911), and kindred cases. ***But this Court has expressly held that the supposed conflict which is here asserted springs not from any difference of fundamental principle but from differences of fact alone.***

Page 3 of the petition for certiorari in *Wisconsin Electric Co.* v. *Dumore Co.*, 35 Fed. (2d) 555 (C. C. A. 6th, 1929) certiorari granted 281 U. S. 710 (1930), discussed above on page 13, read as follows:

> "1) Your petitioner bases its prayer for the granting of this petition on the direct conflict between the legal principles underlying the decision of the Circuit Court

of Appeals of the Sixth Circuit and a decision of the Circuit Court of Appeals of the Third Circuit in *Barton* v. *Rex Oil Co.*, 29 F. R. (2d) 474,

"2) There is also a direct conflict between the legal principles underlying the Sixth Circuit Court of Appeals decision, and the decisions of this Court, as exemplified in *Jacobs* v. *Beecham*, 221 U. S. 263, and in *Baglin* v. *Cusenier*, 221 U. S. 580."

After the hearing of this case on the merits this Court dismissed the writ of certiorari, in a *per curiam* decision (282 U. S. 813 [1931]) reading as follows:

> "It appearing that the asserted conflict in decisions arises from *differences in states of fact, and not in the application of a principle of law*, the writ of certiorari is dismissed as improvidently granted."*

The petitioner, at the outset of this Point, at pages 40-1, seeks to create an impression of conflict among the authorities in respect of the descriptiveness of the word cola. This is done by taking portions of the opinion below out of their context. The determination of the Court below that cola is a descriptive word was a finding of fact which is abundantly established by the record in this case, including the unequivocal admissions of Pemberton, the originator of Coca-Cola (Deft. x. 29, R. 1706) in the label used upon this product, and of Asa G. Candler, the President of the Coca-Cola Company (Deft. Ex. 37, R. 1760). The Court below (R. 2164-2166) relied upon these admissions and upon the ruling of this Court in *U. S.* v. *Forty Barrels of*

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* Moreover, the same Court that decided *Barton* v. *Rex-Oil Co.*, 2 Fed. (2d) 402, 29 Fed. (2d) 474 (C. C. A. 3d, 1928) recognized in a later case, *Fawcett Pub. Inc.* v. *Popular Mechanics Co.*, 80 Fed. (2d) 194 (C. C. A. 3d, 1935), that its prior decision had gone too far (p. 197) and refused to restrain the use of the word "Mechanics" as part of the trade-mark "Modern Mechanics and Inventions," (the latter two words being printed in smaller type and placed under the words "Modern Mechanics") at the suit of the proprietor of the mark "Popular Mechanics."

Coca-Cola, 241 U. S. 265, at p. 288, where Mr. Justice Hughes stated:

> "Nor would it be controlling that at the time of the adoption of the name the coca plant was known only to foreigners and scientists; for if the name had appropriate reference to that plant and substances derived therefrom, its use would primarily be taken in that sense by those who did know or who took pains to inform themselves of its meaning. Mere ignorance on the part of others as to the nature of the composition would not change the descriptive character of the designation."

The conclusion of this Court in the *Forty Barrels* case was:

> "In the present case we are of opinion that it could not be said as matter of law that *the name was not primarily descriptive of a compound with coca and cola ingredients, as charged.*" (p. 289.)*

Petitioner asserts that the Court below drew a distinction between trade-marks which are initially descriptive and those which are initially fanciful and denied it the protection to which its mark is entitled by virtue of its federal registration and the development of a secondary meaning (pp. 11, 31 et seq.).

That the Court did not draw the distinction asserted by petitioner is indicated by the following passage in its opinion:

> "In reality, there is no important difference between a trade name and a trade-mark with respect to the protection afforded by the courts to the exclusive right of the owner to use it to denominate his goods." (R. 2162.)

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* To the same effect as to the unimportance of the public understanding of descriptive language is *Searle & Hereth Co.* v. *Warner,* 112 F. 674 (C. C. A. 7th, 1902), aff'd. by this Court in 191 U. S. 195 (1903). Grosscup, J., speaking for the Circuit Court of Appeals, stated at p. 676:

> "The flowering into popular language of the more or less restricted nomenclature of a useful medical advance cannot be thus imprisoned or cut off by the farsighted bidder for popular favor."

Moreover, this Court's denial of certiorari in *Glenmore Distilleries Co.* v. *National Distillers Products Corp.*, 101 Fed. (2d) 479 (C. C. A. 4th, 1939), cert. den. 307 U. S. 632 (1939), where it was held that "Town Tavern" did not infringe the valid arbitrary registered mark "Kentucky Tavern", and in *John Morrell & Co.* v. *Doyle*, 97 Fed. (2d) 232 (C. C. A. 7th, 1938), cert. den. 305 U. S. 643 (1938), where it was held that "Strongheart" does not infringe "Red Heart", indicates that petitioner received here the same protection as is accorded arbitrary, fanciful registered trade-marks.

Petitioner's real complaint is not that the Court drew the distinction which it suggests, but that it refused to adopt a contention which it advanced which is manifestly unsound and unsupported by authority. Petitioner states (pp. 32-33):

> "It is now a well established principle that the owner of a trade-mark, valid through secondary meaning, 'whatever may have been its original weakness', is entitled to protection against use of his mark *or any part of it* in the mark of a competitor."

Petitioner cannot cite a single case which supports this assertion that the development of a secondary meaning in a compound word mark endows the owner of such mark with exclusive rights in each of its component parts. The cases are clear that ownership of the mark Coca-Cola did not confer ownership of the word cola upon the petitioner [*Loughran* v. *Quaker City Chocolate & Confectionery Co.*, 296 Fed. 822 (C. C. A. 3d, 1924); *Caron Corporation* v. *Conde*, 126 Misc. 676, 213 N. Y. Supp. 735 (Sup. Ct. N. Y., 1926); *Graf Bros.* v. *Marks*, 41 Fed. (2d) 167 (E. D. N. Y., 1929)]. The descriptive and generic word cola is open to use by the trade as part of a distinguishable mark. The host of cases cited at pp. 16 and 17 *supra*, establishes this basic proposition.

The petitioner cites *Thaddeus Davids Co.* v. *Davids Mfg. Co.*, 233 U. S. 461 (1914) and *Armstrong Paint & Varnish Works* v.

Nu-Enamel Corp., 305 U. S. 315 (1938) in support of its argument. In both of these cases, the defendants were using not part but essentially the entire mark previously used by the plaintiffs. This Court found that since the defendants' marks were confusingly similar to the plaintiffs' registered marks, the plaintiffs were entitled to an injunction. In the case at bar, the Court below found that the defendants' marks were not confusingly similar to the plaintiffs' mark, and therefore denied an injunction. Under the authority of these cases, petitioner is entitled to protection against marks which in their totality are confusingly similar to its mark, but not against the use by respondents of marks which are not confusingly similar.

In arguing that the Circuit Court of Appeals denied petitioner the protection to which its mark was entitled, the petitioner states at page 32 of its brief:

> "The Court seemed to entertain the idea that unless purchasers of, for example, 'Dixi-Cola', thought that the substance 'Dixi-Cola' was the substance 'Coca-Cola', there was no actionable wrong."

This is a palpable misreading of the opinion below. The Court in its opinion clearly states that confusion of origin as well as confusion of goods may constitute infringement (R. 2163). It, however, found that no such confusion is likely here.

7. Section 735(1) of the Restatement of Torts is Supported by DuPont Cellophane Co. v. Waxed Products Co., which This Court Twice Refused Review On Certiorari.*

Petitioner asserts that Section 735(1) of the Restatement of Torts is in clear conflict with established law, and that it was misapplied by the Court below to the facts of this case.

Petitioner's contentions proceed upon the assumption that it possessed and possesses trade-mark rights in the word cola. This word, however, was initially a descriptive term which could not be appropriated as a trade-mark. It was never used as a trade-mark by petitioner and no trade-mark rights in the term were ever acquired. Not having had any trade-mark rights, obviously petitioner is not deprived of any property interest or of any rights in its mark Coca-Cola by the decision below.

Furthermore, under settled doctrines of trade-mark law, the respondents could use cola as part of their distinguishable trade-marks by reason of the admitted descriptiveness of this term, whether or not it was also generic at the time of this litigation. It is apparent from an examination of its opinion that the Court below merely referred to this section as an additional reason for its decision.

There is no basis for petitioner's claim that the Restatement departs from settled principles of trade-mark law.

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* This section of the Restatement was drafted by a committee of experts consisting of Professor Harry Shulman of the Yale Law School, the reporter, and Judges Learned Hand and Augustus Hand, of the Circuit Court of Appeals of the Second Circuit, Judge Herbert F. Goodrich of the Circuit Court of Appeals of the Third Circuit (then Dean of the Pennsylvania Law School), Judge T. Scott Offutt, of the Court of Appeals of Maryland, Judge Oliver W. Branch of the Supreme Court of New Hampshire, Judge J. Warren Madden of the Court of Claims (then Chairman of the National Labor Relations Board), Professor E. M. Morgan of the Harvard Law School, Professor Milton Handler of Columbia Law School, and Professor Laurence H. Eldredge of Pennsylvania Law School.

The Restatement codifies an established rule of the law of trade-marks. One of the most important rulings relied upon by the American Law Institute in the adoption of this section was the unanimous decision of the Circuit Court of Appeals in *DuPont Cellophane Co.* v. *Waxed Products Co.*, 85 Fed. (2d) 75 (C. C. A. 2d, 1936), holding that the word "cellophane", though initially a trade-mark, had lost its trade-mark significance and had become a generic term.

This Court twice denied petitions for certiorari to review both the interlocutory and the final decrees in that litigation (299 U. S. 601 [1936], 304 U. S. 575 [1938]). In both petitions, the same claims now made in respect of the decision below and Section 735(1) of the Restatement of the Law of Torts were advanced in language reminiscent of that used in the present petition and brief. The same authorities which are now said to be inconsistent with Section 735(1) of the Restatement were said to be in conflict with the ruling in the *Cellophane* case. The same criticisms were lodged against that decision as unsettling the law of trade-marks and as jeopardizing the rights of trade-mark proprietors as are asserted here.

This Court nevertheless twice denied certiorari, and also denied a petition for rehearing (305 U. S. 672 [1938]).

A wealth of modern authority,[1] including the rulings of the highest courts of the State of Maryland,[2] fully supports the rule of the Restatement or the philosophy which underlies it.

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[1] Saxlehner v. Wagner, 216 U. S. 375 (1910); Kellogg Co. v. National Biscuit Co., 305 U. S. 111 (1938); Bayer Co. v. United Drug Co., 272 Fed. 505 (S. D. N. Y., 1921); DuPont Cellophane Co. v. Waxed Products Co., 85 Fed. (2d) 75 (C. C. A. 2d, 1936), cert. den. 299 U. S. 601 (1936); DuPont Cellophane Co. v. S. H. Kress Co., 19 U. S. P. Q. 13 (S. D. N. Y., 1933); Industrial Rayon Corp. v. Dutchess Underwear Corp., 92 Fed. (2d) 33 (C. C. A. 2d, 1937), cert. den. 303 U. S. 640 (1938); Lekas & Drivas Inc. v. Achaia-Clauss Wine Co., 36 U. S. P. Q. 98 (S. D. N. Y. 1937); Lawyers Title Ins. Co. v. Lawyers Title Ins. Corp., 109 Fed. (2d) 35, 41-2 (App. D. C. 1939), cert. den. 309 U. S. 684 (1940); Thierfeld v. Postman's Fifth

Petitioner argues that property rights in a trade-mark can be lost only through voluntary relinquishment or abandonment. This contention has no relevance to the present case since there has been no question as to any loss or abandonment of petitioner's rights in its mark Coca-Cola.

Moreover, two of the decisions upon which the Restatement relies, the *Cellophane* and *Aspirin*[1] decisions, expressly hold that a mark, originally valid, which acquires a generic meaning, becomes *publici juris,* regardless of the absence of any intention of the original owner to abandon the mark, and indeed, despite his efforts to preserve his rights therein.

In the interest of free competition, it is essential that words which become generic should be open to all. *Saxlehner* v. *Wagner,* 216 U. S. 375 (1910). The use of such words as part of various trade-marks, manifestly, cannot lead to any deception of the public.

It is pertinent in this connection to point out that the petitioner has consented to the use by others of the word cola as

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Ave. Corp., 48 U. S. P. Q. 627 (S. D. N. Y., 1941); Shipley v. Hall, 256 Fed. 539 (E. D. Pa., 1919); Brooten v. Oregon Kelp Ore Products Co., 24 Fed. (2d) 496 (C. C. A. 9th, 1928); Burger Brewing Co. v. Maloney-Davidson Co., 86 Fed. (2d) 815, 817 (C. C. A. 6th, 1936); Kentucky D. & W. Co. v. Old Lexington Club, 31 App. D. C. 223 (1908); Star Brewery Co. v. Val. Blatz Brewing Co., 36 App. D. C. 534 (1911); Ford v. Foster (1872), 7 Ch. App. 611; National Starch Mfg. Co. v. Munn's Patent Co. (1894) A. C. 275; 11 R. P. C. 281; Kerly, [English] Law of Trade-Marks (6th Ed. 1927), pp. 422-4.

[2] Smith Dixon Co. v. Stevens (1904), 100 Md. 110, 59 Atl. 401; Drive It Yourself Co. v. North (1925), 148 Md. 609, 130 Atl. 57; Interstate Distilleries Inc. v. Sherwood Distilling & Distributing Co. (1937), 173 Md. 173, 195 Atl. 387; Sherwood Co. v. Sherwood Distilling Co. (1939), 177 Md. 455, 9 Atl. (2d) 842; 30 Columbia Law Rev. 695, 697, and Ford v. Foster, L. R. 7 Ch. App. 611, quoted with approval in Interstate Distilleries Inc. v. Sherwood D. & D. Co., *supra,* 173 Md. at 181.

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[1] *Bayer Co.* v. *United Drug Co.,* 272 Fed. 505 (S. D. N. Y., 1921).

part of their trade-marks. These consents were referred to in the opinion of the Court below (R. 2169).

Petitioner contends at p. 36 of its brief that this section of the Restatement "can have no application to a case such as that at bar where the Court has specifically held that the trade-mark is valid." This is typical of the reckless assertions of the petitioner. The Court below left open the validity of the petitioner's trade-mark and did not hold it to be valid (R. 2160-2162).

8. The Confusion and Substitution Evidence.

Petitioner repeatedly refers to its consumer witnesses, who expressed the opinion at the trial that they regarded respondents' beverages and would similarly regard any beverage bearing a mark of which the word cola was a part as being other and different products of the Coca-Cola Company (pp. 30, 38, 40). None of these witnesses testified that he had confused respondents' products as and for the petitioner's.

The Court considered the evidence insufficient for the reason that mistakes of a handful of persons out of the many millions of consumers of petitioner's products, especially in view of petitioner's failure to disclose to the Court the number of consumers it had investigated or the other relevant facts relating to the surveys it made, must be disregarded under the authority of such cases as *John Morrell & Co.* v. *Doyle,* 97 Fed. (2d) 232 (C. C. A. 7th, 1938), cert. den. 305 U. S. 643 (1938) and *Glenmore Distilleries Co.* v. *National Distillers Products Corp.,* 23 Fed. Supp. 928 (E. D. Va., 1938), aff'd 101 Fed. (2d) 479 (C. C. A. 4th, 1939), cert. den. 307 U. S. 632 (1939). In both of these cases, this Court refused certiorari.[1]

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[1] See also: *Bliss, Fabyan & Co.* v. *Aileen Mills Inc.,* 25 Fed. (2d) 370, 372 (C. C. A. 4th, 1928), *Steem-Electric Corp.* v. *Herzfeld Phillipson Co.,* 118 Fed. (2d) 122, 125, 127 (C. C. A. 7th, 1940); *H. E. Allen Manufacturing Co. Inc.* v. *Smith,* 224 App. Div. 187, 229 N. Y. Supp. 692, 695 (4th Dept., 1928).

Thus the Court below states (R. 2173):

> " . . . the evidence of plaintiff's witnesses that the word indicates to them only a product of the Coca-Cola Company is seen to be entitled to little weight. See the discussion of the evidence in *DuPont Cellophane Co.* v. *Waxed Products Co.*, 2 Cir., 85 F. 2d 75, 80."

In the *Morrell* case the Court stated at p. 237:

> "We find in the record some evidence of confusion regarding these two brands of dog food, but such evidence, when considered in connection with the volume of the product manufactured and sold, is to us rather insignificant. During the five-year period from April, 1932 to April, 1937, the plaintiff sold nearly 102,000,000 pounds of Red Heart dog food with a sale value of something over $7,000,000. *It would be possible, no doubt, to procure some evidence of confusion or mistake whatever mark was used by a competitor in such products.*"

Moreover, since the misapprehension of these witnesses resulted from respondents' use of the descriptive and generic word cola, the Court below properly regarded the evidence as legally insufficient. As was stated in *Warner & Co.* v. *Lilly & Co.*, 265 U. S. 526, 528 (1924):

> " . . . The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product. . . . "

See also:

Delaware & Hudson Canal Co. v. *Clark*, 13 Wall (80 U. S.) 311 (1872);
Sir Peter Coats v. *Merrick Thread Co.*, 149 U. S. 562, 573 (1898).

Petitioner's repeated references to the instances of substitution and passing off (pp. 30, 8) are calculated to create the impression that this record contains actual evidence of confusion

of goods. Petitioner has not disclosed that this substitution occurred in the sale of respondents' syrup at soda fountains and the use of its beverage as a mixer in bars and taverns. At soda fountains and in bars and taverns, beverages are dispensed to the consumer in glasses for immediate consumption. Neither the trade-marks nor the dress of respondents' products contributed in any wise to these substitutions. It can no more be said that respondents' use of the word cola as part of their trade-mark contributed to the substitution than that the use of the words "MarBert" or "Dixi" would have an equal effect. This record contains no evidence of any passing off of respondents' drink when served and sold in bottles as and for the petitioner's.

Petitioner was awarded a sweeping injunction to prevent the recurrence of the acts of substitution claimed in this suit. The decree of the Trial Court, affirmed below, restrains the defendants from using the characteristic color of a cola beverage in connection with the marketing of their product in non-bottled form. The Court below sought to mold the plastic processes of equity to the offense charged in the case. It restrained the unfair competition and interdicted the use of brown coloring, thus making a recurrence of passing off completely impossible. It refused, however, to go further and restrain respondents' use of the word cola, which has nothing whatever to do with the passing off complained of in this case.

The petition (p. 13) makes reference to the fact that the Pepsi-Cola Company, the producer of the drink Pepsi-Cola, the Nehi Corporation, the producer of the drink Royal Crown Cola, and Life Savers Corporation, the producer of various candy products sold under its trade-mark, including Cola Life Savers, filed briefs as *amici curiae* in the Circuit Court of Appeals, and it is asserted that the presence of the *amici curiae* below led the Circuit Court of Appeals to determine the issue of infringement *in vacuo* without regard to the facts of this case. Leave to file such briefs was sought by these companies because the petitioner had

sought and had obtained from the Trial Court a sweeping declaration that it possessed exclusive rights to the word cola as part of a trade-mark. The same ruling was, in effect, requested by petitioner from the Circuit Court of Appeals (Plff's. Main Brief, p. 58). It was the *amici curiae,* contrary to the suggestion now made by petitioner, who requested that the decision of the Circuit Court of Appeals be limited to the rights of the petitioner against the present respondents.

The breadth of petitioner's contentions is pointed out by the Court below in its opinion (R. 2162). It states that the petitioner insisted "that no one shall use the word 'cola' in a trade-mark, even in connection with a prefix that prevents all confusion with the name Coca-Cola." The Court, in holding that there was no infringement, rejected this broad claim of the petitioner.

9. Validity of Petitioner's Trade-Mark.

The respondents put in issue, both in the Trial Court and on the appeal, the validity of petitioner's trade-mark. It was contended that this mark, consisting of a compound of two ordinary descriptive words, was neither a valid technical common law trade-mark nor properly registered under the Federal Trade-Mark Laws.[1]

The Court below was of the opinion that there was a sufficient showing that the words "Coca-Cola" had acquired a secondary meaning identifying the plaintiff's product, to make it unnecessary to determine whether the plaintiff's mark should be regarded as a valid common law trade-mark or as a trade-name protected by reason of its secondary meaning (R. 2162). It held that the scope of relief would be the same whether petitioner's mark be deemed a technical trade-mark or a mere trade-

[1] *Warner & Co.* v. *Lilly & Co.,* 265 U. S. 526 (1924); *Elgin National Watch Co.* v. *Illinois Watch Case Co.,* 179 U. S. 665, 672-3 (1901); *Estate of Beckwith* v. *Com. of Patents,* 252 U. S. 538, 543-4 (1920).

name (R. 2162). With regard to the validity of the various registrations[1] it stated:

> " . . . it is not necessary for us to decide the point here . . . ". (R. 2161.)[2]

10. The Decision Below is Not in Conflict with Rule 52(a) of the Rules of Civil Procedure.

The petitioner argues that the District Court's decision of infringement was not "clearly erroneous" and that the Circuit Court of Appeals was thus not at liberty under Rule 52(a) to overturn this determination.

It is apparent that this belated reference to Rule 52(a), which was not cited to the Court below, is but a desperate attempt to create an issue of law which does not exist.

The District Court's determination of infringement rested upon several erroneous conceptions of trade-mark law. First, the District Court gave no consideration to the settled rule that the inclusion of a descriptive word as part of a distinguishable compound trade-mark is not an infringement. Second, the Dis-

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[1] Compare 33 Stat. 725, 15 U. S. C. A. §85 (1905); *Worster Brewing Corp. v. Rueter & Co.*, 30 App. D. C. 428 (1908), (cited with approval in *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461, 467 (1914); *McKesson & Robbins, Inc.* v. *Phillips Chemical Co.*, 53 Fed. (2d) 342 (C. C. A. 2d, 1931), modified 53 Fed. (2d) 1011 (C. C. A. 2d, 1931), cert. den. 285 U. S. 552 (1932); *In re Hoff*, 33 App. D. C. 233 (1909); *Capewell Horse Nail Co.* v. *Mooney*, 167 Fed. 575 (C. C. N. D., N. Y., 1909); affd. 172 Fed. 826 (C. C. A. 2d, 1909); *Natural Food Co.* v. *Williams*, 30 App. D. C. 348 (1908); *In re Wright*, 33 App. D. C. 510 (1909); *Sears & Nichols Co.* v. *Brakeley*, 38 App. D. C. 530 (1912); *McIlhenny's Son v. B. F. Trappey & Sons*, 278 Fed. 582 (App. D. C., 1922); *Ostermoor* v. *International Bedding Co.*, 18 Fed. (2d) 156 (App. D. C. 1927); *Baker* v. *Baker*, 6 U. S. Patent Quarterly 103 (1930); *Montevallo Coal Mining Co.* v. *Little Gem Coal Co.*, 48 Fed. (2d) 411 (C. C. P. A. 1931).

[2] Thus, the assertion of the petitioner, repeated numerous times (pp. 2, 4, 11-12, 18, 36) in its petition and brief, that the Circuit Court of Appeals adjudged its mark to be valid in addition to being irrelevant, is clearly erroneous.

trict Court proceeded upon the assumption that descriptive and generic words may be monopolized as part of a trade-mark. Third, the District Court failed to follow and apply the ruling of this Court in *U. S.* v. *Forty Barrels of Coca-Cola,* 241 U. S. 265 (1916) in which it was held that the words coca and cola were descriptive of petitioner's product. Fourth, the Court ruled out as legally immaterial the great mass of proof which was offered concerning the generic significance of the word cola at the present time. Fifth, the District Court failed to appreciate that the evidence of substitution in the sale of respondents' product in glasses for immediate consumption at soda fountains and at bars and taverns is without relevance to the issue of trade-mark infringement, since the record is clear that respondents' trade-marks contributed in no respect to such substitutions. Finally, the Trial Court accorded weight to the testimony of consumer witnesses, despite the clear insufficiency of such opinion and hypothetical evidence.

The determination of infringement being thus based upon these demonstrably clear errors, it was entirely within the province of the Circuit Court of Appeals to reverse. In reversing, the Circuit Court of Appeals did not disturb any of the provisions of the sweeping decree of the Trial Court which grants the petitioner full and effective relief, other than that part of the decree which adjudicated the marks "Dixi-Cola" and "Mar-Bert the Distinctive Cola" to be infringements.

Moreover, on the important factual questions in this case there was concurrence in the findings of both the trial and the appellate Courts. Thus, for example, the Trial Court recognized the generic nature of the word Cola at the time of the trial (R. page 1536) but ruled as matter of law that the genericness of a word is only material if it antedates the adoption of the petitioner's mark.

It is noteworthy that none of the cases which petitioner cites as having interpreted Rule 52(a) *was concerned with trade-*

mark litigation. Since the adoption of Rule 52(a), *there have been numerous cases in which determinations as to the infringement of a trade-mark or a trade name by the District Courts have been reversed by the Circuit Courts of Appeals.*[1]

The claim now made is quite extraordinary in view of the nature of the issue of infringement. Unlike the issues in other types of litigation, the determination of infringement does not typically require the resolution of conflicts of testimony or the determination of questions of credibility. The ultimate question is whether the marks themselves, which are before the appellate as well as the Trial Court, are confusingly similar and thus likely to lead to confusion of the public.

Petitioner is not really concerned with the true meaning and scope of Rule 52(a).[2] It is asking this Court to take action in respect of the decision of the Circuit Court of Appeals on the issue of infringement which it claims that Court was powerless to take in respect of the District Court's decision. Were this not

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[1] *Procter & Gamble Co.* v. *J. L. Prescott Co.* (C. C. A. 3d, 1939), 102 Fed. (2d) 773, cert. den. 308 U. S. 557; *Grove Laboratories, Inc.* v. *Brewer & Co.* (C. C. A. 1, 1939), 103 Fed. (2d;) 175; *Shaler Co.* v. *Rite-Way Products Inc.* (C. C. A. 6th, 1939), 107 Fed. (2d) 82, cert. den, 310 U. S. 634; *Walgreen Drug Stores, Inc.* v. *Obear-Nester Glass Co.* (C. C. A. 8th, 1940), 113 Fed. (2d) 956, cert. den. 85 Law Ed. (Adv. Op.) 124, 282; *Little Tavern Shops, Inc.* v. *Davis* (C. C. A. 4th, 1941), 116 Fed. (2d) 903; *Arrow Distilleries, Inc.* v. *Globe Brewing* Co. (C. C. A. 4th, 1941), 117 Fed. (2d) 347; *California Fruit Growers Exchange* v. *Windsor Beverages, Ltd.* (C. C. A. 7th, 1941), 118 Fed. (2d) 149.

[2] It is clear from the discussion of Rule 52(a) by its framers that this rule was not intended to alter the previous practice as to the scope of review in equity cases. See Annotations of the Advisory Committee to Rule 52; Remarks of Hon. Wm. D. Mitchell, Chairman of the Advisory Committee, PROCEEDINGS OF CLEVELAND INSTITUTE ON FEDERAL RULES (1938), pp. 107-8, 318, 368, 383-4, 387; PROCEEDINGS OF NEW YORK SYMPOSIUM (1938), pp. 286-8; Remarks of Major Edgar B. Tolman, Member of the Advisory Committee, PROCEEDINGS OF WASHINGTON INSTITUTE (1938), pp. 127-8; Moore, Federal Practice, Vol. 3, pp. 3115-8; Simkins, Federal Practice (3rd Ed. 1938), p. 488.

so, petitioner would not be arguing the broad question of infringement in its petition and brief and would not be asking this Court to consider the other questions which it is presenting.

CONCLUSION

It is respectfully submitted that the petition for certiorari be denied.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. [illegible] 87

THE COCA-COLA COMPANY,
Petitioner,

v.

DIXI-COLA LABORATORIES, INC., *et al.*,
Respondents.

REPLY BRIEF OF THE PETITIONER.

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INDEX.

TABLE OF CASES.

PAGE

Armstrong Paint & Varnish Works v. *Nu-Enamel Corp.*, 305 U. S. 315 16

Century Distilling Co. v. *Continental Distilling Corp.*, 23 Fed. Supp. 705 (D. C. E. D. Pa.); aff'd. 106 F. (2d) 486 (C. C. A. 3) 13n

Coca-Cola Co. v. *The Koke Co. of America*, 254 U. S. 143, 145 ..... 3n, 6, 7, 8, 9, 10, 11, 14, 15

Drivers Union v. *Meadowmoor Co.*, 312 U. S. 287, 292 11

Ethyl Gasoline Corporation v. *United States*, 309 U. S. 436, 461 11

Levy v. *Walker*, L. R. 10 Ch. D. 436, 447 17

Nordenfelt v. *Maxim Nordenfelt Co.* (1894) L. R. App. Cas. 573 11

Thaddeus Davids Co. v. *Davids*, 233 U. S. 461, 469 ... 15, 16

The Coca-Cola Co. v. *Carlisle Bottling Works*, (C. C. A 6) 43 Fed. (2d) 119 10

The Hemmeter Cigar Co. v. *Congress Cigar Company*, (C. C. A. 6) 118 Fed. (2d) 64, 69 ..... 10n

STATUTES CITED.

Trade-Mark Act of Feb. 20, 1905, § 16 (U. S. C. Tit. 15, § 85) 13n, 15

AUTHORITIES.

Section 735(1) of the Restatement of the Law of Torts 16

IN THE

Supreme Court of the United States,

OCTOBER TERM, 1940.

No. 1059

THE COCA-COLA COMPANY,
Petitioner,

v.

DIXI-COLA LABORATORIES, INC., *et al.*,
Respondents.

REPLY BRIEF OF THE PETITIONER.

Respondents are correct in saying that "certiorari will not be issued to reverse questions of fact."[1] But there are no disputed questions of fact in this case. The trial court's decision as to the facts was not reversed. We need not argue this, since respondents have admitted it in the most explicit terms. In their brief they say:

> "Moreover, on the important factual questions in this case there was concurrence in the findings of both the trial and the Appellate Courts."[2]

Where the trial court and the Circuit Court of Appeals have so concurred in their findings, only one question

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[1] Respondents' Brief, p. 8.

[2] Respondents' Brief, p. 36.

remains—What, as a matter of law, is the relief to which petitioner is entitled? Respondents recognized this when they said earlier in their brief:

> "The District Court's determination of infringement rested upon several erroneous conceptions of trademark law. * * * The determination of infringement being thus based upon these demonstrably clear errors, it was entirely within the province of the Circuit Court of Appeals to reverse."[1]

Thus respondents also admit that the reversal of the District Court by the Circuit Court of Appeals was based upon questions of law, not of fact. The same questions of law arise here for determination in the light of the facts as found.

Respondents do not—and in the face of these admissions cannot—attempt to deny the correctness of the findings of the trial court that the use of the accused names

> "was calculated and intended to deceive, and did and does actually deceive * * *,"

and that the acts committed by the defendant were

> "with the deliberate intent and purpose of appropriating plaintiff's good-will and causing defendants' product to be sold by the trade, and accepted by the consuming public, as and for plaintiff's product."

Nor do respondents challenge the conclusion of the Circuit Court of Appeals that the defendant's

> "Fraudulent conduct * * * has been established,"

and that

> "The evidence also justifies the finding that the bottled beverage made by bottlers from defendant's concentrate was passed off as COCA-COLA in various bars and taverns."

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[1] Respondents' Brief, pp. 35-6.

and that

> "The defendants were also fully aware of the use of the infringing word 'Lola-Kola' by bottlers, and indeed agreed to place this word on all packages of its concentrate sold to Lola-Bottlers Inc."

and

> "Under these circumstances it is a reasonable conclusion that the defendants have conspired with their customers to palm off their goods for those of the Coca-Cola Company whenever it was safe to do so."

To what extent should the respondents be enjoined under such circumstances? This court has said:[1]

> "Of course, a man is not to be protected in the use of a device the very purpose and effect of which is to *swindle* the public." (Emphasis throughout brief is counsels'.)

Respondents, in referring to their acts of unfair competition,[2] minimize the extent of their "swindle" by omitting to state much of their fraudulent conduct. Respondents' acts of fraud may be summarized as follows:

The scheme to defraud originated with the defendant Grivakis as far back as 1929. The plan was conceived in Canada where an officer of the respondent companies,[3] in cooperation with another, engaged in passing off an imitation product on calls for "Coca-Cola";[4] when this scheme was detected, the business was moved to the United States because it was believed that concealment would be easier.[5]

In the United States, respondents' officers succeeded in acquiring or organizing the corporate respondents;[6] the sole product of the respondents was a single concentrate and syrup which was sold under different names, but originated

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[1] *Coca-Cola Co.* v. *The Koke Co. of America*, 254 U. S. 143, 145.

[2] Respondents' Brief, p. 6.

[3] Constantine Grivakis, Vol. II 1227-1230.

[4] Vol. II, 1229-30.

[5] Id. 1231.

[6] Vol. II 834-5, 985-9, 1002-3, 1233-35.

from one source;[1] the respondents' product imitated petitioner's product "Coca-Cola" and was intended to be passed off for "Coca-Cola";[2] among the names used upon or in connection with the product were "Apola Cola", "Dixi-Cola", "Lola Kola", and "Marbert Cola".[3] The names "Apola Cola" and "Dixi-Cola" were chosen with the knowledge that they had been denied registration in the United States Patent Office on the ground that they were "confusingly similar to and a colorable imitation of" the trade-mark "Coca-Cola".[4] They were chosen with the knowledge also of the great popularity of petitioner's product and trade-mark. Asked why he had chosen the name "Apola Cola", the defendant Grivakis answered: "Because the public was cola-minded."[5] How he knew "the public was cola-minded" he said was, "Because when you go into a soda fountain you hear Coca-Cola, Coca-Cola; you see bottles around, you read reports that the Coca-Cola made twenty-five or thirty millions. Of course, it must sell extensively." "In other words," he was asked, "in 1929, you came to the conclusion that Coca-Cola was an extremely popular drink, did you not?" To which he answered, "Sure."[6]

At respondents' urging, retailers passed off respondents' goods as and for "Coca-Cola";[7] four hundred and eighty-two instances of actual passing off were established at the trial.[8] Respondents relied on the cheaper price of their

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[1] Vol. II 879-880, 904-5.

[2] Vol. II 1231, Vol. III 2174.

[3] Vol. I 437, Vol. II 840-1.

[4] Compl. pars. 21, 23 admitted by answer pars. 21, 23.

[5] Vol. I 54-55.

[6] Id.

[7] Vol. I 75-6, 79-80, 89-91, 138-9, 170, 171, 535-8, 558-9, 566-8, 586-91, 606-8, 617-8, 628-9, 640-3, 657-60, 675-7, 699-700, 706, 715-6.
Vol. II 1164-6, 1177-8.

[8] Plaintiff's Exhibit No. 35 (Vol. III 1575).

product as an inducement to this practice;[1] they used as containers barrels and jugs originally used for "Coca-Cola"[2] and bearing the trade-mark "Coca-Cola"; they adopted for use by themselves and their bottlers a color scheme in imitation of petitioner's color scheme,[3] and the bottler, constituting their principal outlet for "Dixi-Cola", changed the colors of the bottle caps to red on white,[4] which is petitioner's color scheme for its caps; respondents' representative talked to a prospective bottler "about the idea of selling it for 'Coca-Cola'" and "that people would think it was 'Coca-Cola' in a twelve-ounce bottle."[5]

The extent of respondents' dishonesty was acknowledged by the Circuit Court of Appeals when it said that respondents

> "conspired with their customers to palm off their goods for those of the Coca-Cola Company whenever it was safe to do so."

The effect of the Circuit Court of Appeals' decision was to protect a swindle and permit it to continue by refusing to enjoin all the means which made it work.

On this record the refusal of the Court to grant full relief in view of the concurrent findings of fraud and fraudulent intent, present legal questions of grave public concern, not only because the decision tends to lower the standard of commercial morality, but also because the reasons upon which it rests, and the legal philosophy underlying those reasons, are in conflict with established principles of the law of trade-marks and unfair competition.

Petitioner will present briefly several aspects of the decision which require review by this Court.

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[1] Vol. I 75-6 (same as footnote 7, page 4).
[2] Vol. I 155-7, 193-4; Vol. II 1238-9.
[3] Vol. I 201, 428-9; 447; Vol. II 1105-6.
[4] Vol. I 316-8.
[5] Vol. II 1167-8.

The opinion of the Circuit Court of Appeals shows a misconception of the principle underlying the remedy against infringement by misrepresentation and deception as to origin. The failure of the Court to apprehend that principle has resulted in a decision which is in direct conflict with an earlier decision of this Court establishing the measure of protection to be accorded to the trade-mark "Coca-Cola". That case dealt with issues of fact and of law so closely parallelling those in the present proceeding that it should be regarded as an authoritative guide to the award of proper relief here.

In *The Coca-Cola Company* v. *The Koke Company of America*, 254 U. S. 143, this Court adjudged:

(1) defendant guilty of fraudulent intent;

(2) the trade-mark "Coca-Cola" valid; and

(3) infringed by "Koke", but not by "Dope" because

> "It (Dope) does not suggest Coca-Cola by similarity * * *."

Mr. Justice Holmes, in commenting on the defendant's conduct, said (145):

> "It is found that defendant's mixture is made and sold in imitation of the plaintiff's, and that the word 'Koke' was chosen for the purpose of reaping the benefit of the advertising done by the plaintiff, and of selling the imitation as and for the plaintiff's goods."

The decree held "Coca-Cola" to be a valid trade-mark. It also held that by using "Koke":

> "the defendants * * * have infringed the plaintiff's trade-mark, not, however, by the use of the word Dope * * *."

"Koke" was thus adjudged an infringement, but not upon the ground that it was a nickname for "Coca-Cola"

as respondents assert. If the decision had been upon that ground, "Dope", too, would have been enjoined, for "Dope" was as much a nickname for "Coca-Cola" as "Koke". But "Dope" was not enjoined because, "It does not suggest Coca-Cola by similarity * * *." Manifestly, then, "Koke" was enjoined because, being a simulation of "Coca", it suggested "Coca-Cola" by similarity.

Mr. Justice Holmes further said (146):

> "* * * Coca-Cola probably means to most persons the plaintiff's familiar product, to be had everywhere, rather than *a compound of particular substances.*"

Since the Court adjudged that the compound word "Coca-Cola" as applied to petitioner's drink does not mean a compound of the substances coca and cola, then neither "Coca" nor "Cola", in "Coca-Cola", means a substance. Consequently, as used in the trade-mark "Coca-Cola", or in an imitation of the name or on an imitation of the article, neither "Coca" nor "Cola" is descriptive. "Coca" and "Cola" are each equal parts of a valid trade-mark, and one is as distinctive as the other. Hence "Cola" as well as "Coca", when used as the name of a beverage made in imitation of complainant's, "by similarity" suggests and means "Coca-Cola".

The respondent, in the *Koke* case, said at p. 142 of its brief before this Court:

> "Plaintiff's trade-mark rights, if it has any, are in the combination, 'Coca-Cola' and not in either the word 'Coca' or the word 'Cola' considered by itself. Unless plaintiff can show an exclusive right to the word 'Coca,' it certainly cannot complain of defendants' use of an abbreviation of that word, or of a word having a sound resembling the first syllable thereof.
>
> * * * * *
>
> "But, here, again, the alleged infringement is not of the combination, but only of a publici juris element of that combination."

In the case at bar, respondents are making the identical contention with respect to "Cola", notwithstanding that, in the *Koke* case, it was rejected. The case here with respect to the asserted generic character of "Cola" is much weaker than was the similar contention with respect to "Coca" in the *Koke* case. Respondents, therefore, seek to bolster their argument here by asserting that in the *Koke* case petitioner conceded that "Cola" is a generic term. Respondents say that this concession distinguishes that case from this.

But petitioner's brief in the *Koke* case made no substantial distinction between "Coca" and "Cola". Referring to beverages like those of the parties to that case, petitioner said:

> "* * * they were known by the trade and by the public as *coca*, or more generally as *cola* drinks." (Quoted in respondents' brief opposing the writ in this case, p. 22.)

Yet, because of the imitation of "Coca-Cola" by "Koke", plus the defendant's fraud in the adoption of a name which suggested "Coca-Cola" by similarity, this Court adjudged "Koke", a simulation of "Coca", an infringement, and affirmed the decree of the District Court for the District of Arizona which enjoined the use of

> "the word 'Coca-Cola' or any like word, or the word 'Koke' or any like word."

The *Koke* case thus established that where a defendant is guilty of fraudulent intent (as was there expressly held and here is found by both the trial court and the Circuit Court of Appeals), it is immaterial that the instrument of the fraud may be a generic term, and that any term the use of which results in deception of the public will be enjoined if it suggests, by similarity, the trade-mark sued upon.

Here we should suppose that as "Cola" also suggests "Coca-Cola" by similarity, and as the respondents' fraud

was found by both courts below, the same relief should be decreed. To show how close is the parallel with the present case, we need only contrast the manner of displaying "Koke" in the *Koke* case, and "Cola" in this, and compare each with petitioner's trade-mark.

Petitioner's trade-mark held valid in the *Koke* case and in this.

Respondents' mark in the *Koke* case which this Court enjoined because it suggests Coca-Cola by similarity.

One of the respondents' marks in this case which the Circuit Court of Appeals refused to enjoin, although it equally suggests Coca-Cola by similarity.

If briefs of the parties in the *Koke* case are to be regarded as of any significance here, they establish the identity of issues in this case and in that. The only difference is that in the *Koke* case the first syllable of "Coca-Cola" was involved, while here the second syllable is being used by respondents for the same purpose for which the defendant in the *Koke* case used the simulation of the first syllable—in Mr. Justice Holmes' language, it was chosen "for the purpose of reaping the benefit of the advertising done by the plaintiff and of selling the imitation as and for the plaintiff's goods."

In this case the Circuit Court of Appeals said that "fraudulent conduct" by these respondents has been established: that respondents' product was sold "in the fountain trade, with the understanding that the drink made therefrom should be sold as and for Coca-Cola," and that the bottled beverage "was passed off as Coca-Cola in various bars and taverns." The Court found it a reasonable conclusion that respondents "conspired with their customers to palm off their goods for those of the Coca-Cola Company whenever it was safe to do so." But the Court made it safe for respondents to do so by permitting them to use on their goods, names which, to use Mr. Justice Holmes' phrase, "suggest Coca-Cola by similarity."

In the *Koke* case, the result of the finding of such fraudulent conduct was a decree enjoining the defendant's infringement of "Coca-Cola" by "Koke". The reasons which moved this Court to affirm such a decree apply equally to the infringement of "Coca-Cola" by "Cola" and names containing it.

Respondents refer to the *Roxa Kola* case (*The Coca-Cola Co.* v. *Carlisle Bottling Works,* (C. C. A. 6) 43 Fed. (2d) 119),[1] and *Pepsi-Cola Company* v. *The Coca-Cola Company,* in the Supreme Court of Canada (now pending in the Privy Council). These cases differ from the *Koke* case and from this in an important respect. In neither was there any finding of fraudulent intent or deceptive consequences of the defendants' acts.

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[1] The Court which decided the *Roxa Kola* case had this to say about it in *The Hemmeter Cigar Co.* v. *Congress Cigar Company,* (C. C. A. 6) 118 Fed. (2d) 64, 69, where Judge Martin observed:

> "With reference to the authorities which we are about to cite or quote, we would repeat the words of this Court: 'Reported cases are helpful only in so far as they lay down general rules of decision. The question of infringement must be determined upon the particular facts of the case in hand.' Coca-Cola Co. *v.* Carlisle Bottling Works, 6 Cir. 43 F. 2d 119, 121."

The only difference between the *Koke* case and this, is in the conclusion which the Circuit Court of Appeals failed to draw from nearly identical facts. In the *Koke* case this Court regarded as pertinent to the issue of infringement, defendant's fraudulent purpose to pass off its goods as "Coca-Cola". In this case the Circuit Court of Appeals found the same fraudulent purpose to pass off, but gave it no effect.

It erroneously disregarded the respondents' fraudulent intent in arriving at its conclusion that they had a legal right to use the marks by which this intent was carried out. The trial court enjoined the means by which respondents' purpose was made effective. The Circuit Court of Appeals, in reversing the decree, allowed to continue, the acts which made respondents' fraudulent intent effective, on the mistaken theory that there is some rule of law which prevents a court of equity from giving adequate relief against intentional fraud. We suggest the applicability of Lord Macnaghten's remark in *Nordenfelt* v. *Maxim Nordenfelt Co.* (1894) L. R. App. Cas. 573:

> "It is a public scandal when the law is forced to uphold a dishonest act;"

The issue in the courts below was, we submit, the character and conduct of the defendants before it. They were concerned only with the wrong the respondents were committing against petitioner and the public in the light of the motive which prompted it. A decree was entered by the District Court which effectively put a stop to the fraudulent acts respondents were shown to have committed and prevented their repetition. This, we suggest, was proper. A decree should always be drawn to meet the situation the record discloses and adjusted to the particular circumstances of the case (*Drivers Union* v. *Meadowmoor Co.*, 312 U. S. 287, 292; *Ethyl Gasoline Corporation* v. *United States*, 309 U. S. 436, 461). The Circuit Court of Appeals ignored this

principle. It seems to have entertained the notion that it was not called upon to decide the specific and concrete controversy between the parties, but to legislate for the beverage trade at large.

Possibly in taking this attitude the Circuit Court of Appeals was misled by the several *amici curiae* who volunteered their views in general without being hampered by the record. Possibly, too, the Court could not perceive the distinction between the right to protect a trade-mark against fraudulent imitation and the right to monopolize a word completely. Most certainly one element in its attitude was its wholly erroneous premise that

> "The plaintiff concedes that the names Dixi-Cola and MarBert the Distinctive Cola are not so similar to the name Coca-Cola that a purchaser * * * would be led to believe that he was buying the beverage Coca-Cola * * *."

There was no such concession. The proof in the record is to the contrary. The use of such a mistaken statement of the petitioner's position undoubtedly contributed to the failure to give effective relief.

A controversy in this case has arisen over the amount of protection accorded petitioner's mark by the Circuit Court of Appeals. In its original petition, petitioner pointed out, as an error of law, the Court's refusal to protect petitioner's valid mark against colorable imitations, and in holding that protection should be given only against the "use as a whole" of the mark.

Respondents in their brief deny this contention and support their position by this statement from the opinion:[1]

> "In reality, there is no important difference between a trade name and a trade mark with respect to the

[1] Opinion, R. 2162.

> protection afforded by the courts to the exclusive right of the owner to use it to denominate his goods."

The Circuit Court of Appeals did not measure petitioner's right to relief by the rule thus stated, but by a less favorable one.

In fact, this statement of the Court presents one of the several confusing paradoxes to be found in the opinion.

At another place in its opinion, the Court said:[1]

> "A vigorous contest has arisen in this case as to whether the name Coca-Cola is in reality a *technical trade-mark, entitled to the widest protection, or* is a descriptive name which through long years of use and extensive advertisement has acquired a *secondary significance.* So far as the validity of the trade-mark and the right of the plaintiff to prevent its use as a whole by any competitor are concerned, the issue is unimportant."

It will be noted that the Court concedes to a name "which * * * has acquired a secondary significance" the right "to prevent its use as a whole." The Court, however, does not concede to the owner of a name "which * * * has acquired a secondary significance" the right "to prevent its use" other than "as a whole". The Court does not include within the orbit of its protection of such marks the right "to prevent" colorable imitations. A colorable imitation is not merely the reproduction of the mark "as a whole", but in the language of the Trade-Mark Act is any name "which so nearly resemble(s) a registered * * * trade-mark * * * as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers * * *."[2]

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[1] Opinion, R. 2161.

[2] Trade-Mark Act of Feb. 20, 1905; § 16 (U. S. C. Tit. 15, § 85); *Century Distilling Co.* v. *Continental Distilling Corp.*, 23 Fed. Supp. 705 (D. C. E. D. Pa.); aff'd. 106 F. (2d) 486 (C. C. A. 3).

The Court further said:[1]

> "No one else can lawfully use the word 'coca-cola' for a trade mark, even though it originally may have been a descriptive name.
>
> The plaintiff, however, *is not content with this measure of protection.*"

Here, again, the Court dealt with the "measure of protection" to which petitioner's mark is entitled both at common law and under the express terms of the statute. And here again the Court measures that protection by limiting it to the use of the "word Coca-Cola", and ignores the right to be protected against colorable imitations of it.

In view of what follows later in the opinion, it should be noted that the Court concedes protection to the "word Coca-Cola * * * even though it originally may have been a descriptive name." We conclude, therefore, that in the Court's view of the law the question of whether the trade-mark originally "may have been a descriptive name" qualifies the amount of protection to which the mark is entitled, both under the statute and at common law.

This fact becomes increasingly clear when we examine that part of the opinion and the conclusion based thereon dealing with the evidence of alleged descriptiveness. On the question of descriptiveness, the Court discussed in detail and at length the old Pemberton label, the kola nut literature, and similar matters which were before this Court in the *Koke* case.

Upon this evidence the court below said:[2]

> "It must be concluded, we think, from this history that the word 'Coca-Cola', taken as a whole, is in some sense descriptive of the drink which it designates."

In the *Koke* case, this Court in speaking of "Coca-Cola" said:

> "It means a single thing coming from a single source, and well known to the community."

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[1] Opinion, R. 2162.
[2] Id. R. 2168.

The conclusion of the Circuit Court of Appeals on the question of descriptiveness is, therefore, in conflict with the decision in the *Koke* case, and is irrelevant to the question of petitioner's rights in this case.

But that conclusion is the foundation stone upon which the Circuit Court of Appeals arrived at the decision that the petitioner was only entitled to protection against the use of its trade-mark "as a whole" and not against colorable imitation.

Another part of the opinion where it is apparent that the Court failed to deal with the question of colorable imitation is this statement:[1]

> "The District Judge concluded that these registrations were valid, but it is not necessary for us to decide the point here for, as the judge also held, the substantive rights under a trade mark are not dependent upon or affected by registration, and its secondary, as distinguished from its primary significance, is still open to question."

Here the court expressly refused to pass upon petitioner's statutory rights as the owner of a registered trade-mark.

The Trade-Mark Act of 1905 grants to owners of registered trade-marks relief not only against their "use as a whole", but also against the use of colorable imitations even though the mark may originally have been descriptive (*Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461).

The reason assigned by the Court for its failure to pass upon petitioner's statutory rights in its trade-mark is that the trial court held that the substantive rights of the owner of a trade-mark are not "dependent upon or affected by registration." This statement may be questioned with respect to a mark registered under the ten-year proviso.[2] This Court has said that when registration was expressly permitted by the statute, "it was not the intention of Con-

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[1] Opinion, R. 2160-61.

[2] One of the registrations of "Coca-Cola," No. 47,189, is under the ten-year proviso.

gress thus to provide for a barren notice of an ineffectual claim, but to confer definite rights." (*Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461, 469.)

The underlying reason of the Circuit Court of Appeals for cutting down the substantive rights which the District Court accorded petitioner's trade-mark rested upon the ground that petitioner's mark is a secondary meaning mark and is only entitled to protection to "its use as a whole". This is clearly erroneous (*Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461; *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.,* 305 U. S. 315). The Court continues to forget that the statute protects against colorable imitations of registered trade-marks as well as counterfeits and copies.

Respondents take issue with petitioner's contention that the Court erroneously applied Section 735(1) of the Restatement of the Law of Torts to this case.

Petitioner contends that that section has no application to a case in which a mark is upheld, and points out that the decisions upon which the Restatement rests are cases in which the marks have been held invalid.

Respondents on page 31 of their brief say:

> "Petitioner contends at p. 36 of its brief that this section of the Restatement 'can have no application to a case such as that at bar where the Court has specifically held that the trade-mark is valid.' This is typical of the reckless assertions of the petitioner. The Court below left open the validity of the petitioner's trade-mark and did not hold it to be valid (R. 2160-2162)."

Here we have a direct conflict as to the meaning and interpretation properly to be given the decision of the Circuit Court of Appeals. Petitioner contends that the Circuit Court of Appeals upheld the mark "Coca-Cola", but erred because it failed to give it the protection to which a valid

mark is entitled. Respondents deny that the court below upheld the mark and accuse petitioner of "reckless assertions" for saying so.

Certainly a decision that is subject to such wide differences in interpretation needs review by this Court lest the judges and the Bar become confused thereby and the rights of others be imperiled.

The court below ignored the fact that both the statute and common law protect trade-marks against colorable imitation. By the supposed "concession" of non-infringement mistakenly ascribed to petitioner—a mistake which the court declined to correct after the petition for rehearing called attention to it and pointed out that no such concession was made—and by the statement that petitioner is not content with "this measure of protection"—protection against counterfeiting the mark in its entirety—the court forced petitioner into the position of appearing to claim a monopoly in the word "cola" in gross and at large. No such monopoly was ever asserted.[1] What petitioner claims against respondents is best expressed in the language of Lord Justice James in *Levy* v. *Walker*, L. R. 10 Ch. D. 436, 447:

> "* * * the sole right to restrain anybody from using any name that he likes in the course of any business he chooses to carry on is a right in the nature of a trade-mark, that is to say, somebody has a right to say, 'You must not use a name, whether fictitious or real—you must not use a description, whether true or not, which is intended to represent, or is calculated to represent, to the world that your business is my business, and so, by a fraudulent misstatement, de-

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[1] The District Court's decree expressly permitted respondents to state on their containers and labels and in their advertisements that their product contains extract of coca leaves or extract of cola nuts, if such is the fact (R. p. 1554).

> prive me of the profits of the business which would otherwise come to me.' That is the principle, and the sole principle, on which the court interferes."

Upon the record, and equally upon the respondents' own admissions, the petition for certiorari presents a definite and important question of law. This Court is asked to review a decision which is in serious conflict with the principle established and followed in earlier cases. Whether the distortion of the situation by the Court below arose from misapprehension of the legal effect of the uncontroverted facts, or from misconception of the law applicable to such facts, or simply from some apparent mistrust of petitioner's motives in seeking relief, the result is a reversal of what has hitherto been regarded as a basic principle of law—the right of every person to be protected against fraud.

We ask, therefore, that the petition for certiorari be granted.

Respectfully submitted,

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